Delivering

Annual Media Conference
Munich, February 17, 2017

Please note: presentations based on 2016 preliminary figures

Allianz

Agenda

CEO assessment and outlook

Oliver Bäte
Chief Executive Officer

Munich, February 17, 2017

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2016 – strong performance in a challenging year

Difficult environment

Brexit vote

Market volatility

Ultra-low rates

Italian referendum

Regulation

Political tensions

...

Strong performance

Operating profit **EUR 10.8bn** near upper end of target range	Solvency II capitalization **218%**
Shareholders' net income **EUR 6.9bn** (+4.0%)	RoE[2] **12.0%**
Dividend per share[1] **EUR 7.60** (+4.1%)	Earnings per share **EUR 15.1** (+4.0%)

1) Proposal
2) Excluding unrealized gains/losses on bonds, net of shadow accounting

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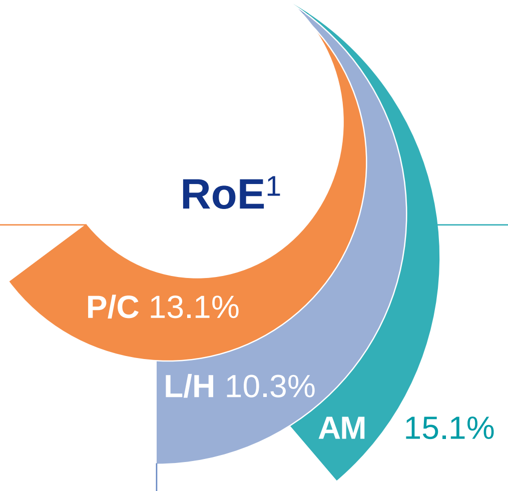
All segments deliver

- Strong internal growth of **3.1%**
- **94.3% CR** close to target
- Restructuring of former **FFIC** business on track
- New LatAm management, **Δ OP EUR +79mn**

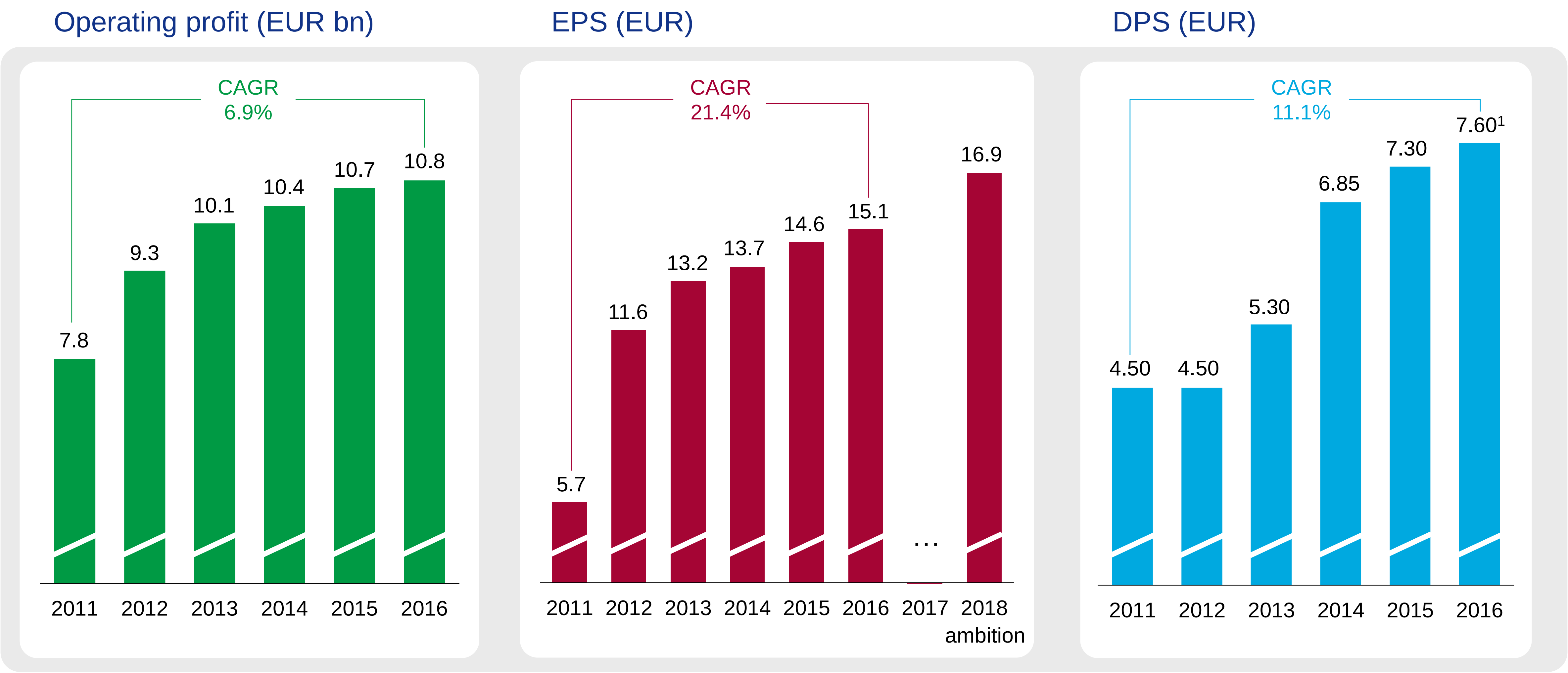


- PIMCO with **new top team** and strong investment performance
- PIMCO **net flows EUR +11bn** in 2H, CIR managed to **60%**
- AGI **OP EUR 543mn** at all-time high

- Successful new business **mix shift**
- **NBM up** to 2.7% (4Q: 2.9%) despite lower rates
- Disposal of **Korea** strongly benefits SII capitalization (+9%-p) and profitability 2017ff[2]
- Operating profit of **EUR 4.1bn** at record level

1) Excluding unrealized gains/losses on bonds, net of shadow accounting
2) Impact Korea on shareholders' net income 2016: EUR -454mn, no impact expected in 2017ff.

5-year track record consistent with ambition 2018

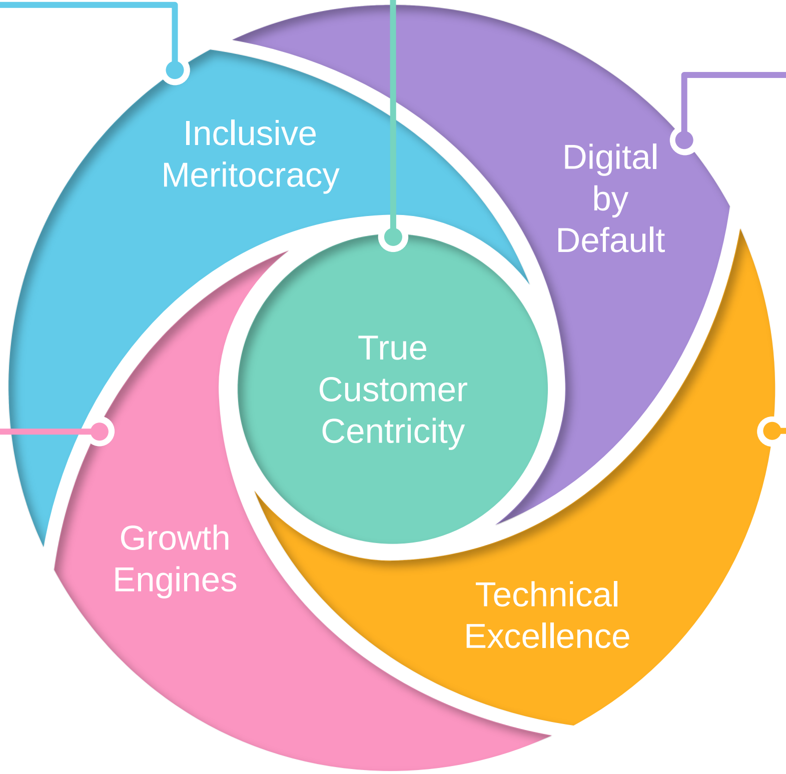


1) Proposal

Renewal Agenda on track – selected examples

- 55% of measured segments with NPS above market or loyalty leader (2015: 50%)

- Global cultural change in implementation
- Leadership index further improved[1]



- Global Digital Factory launched
- Planned productivity gains[2] under implementation

- PIMCO with positive net flows in 3Q and 4Q 2016
- Insurance underperformers turning around or exited
- Growth pipeline filling up

- P/C initiatives on track
- L/H product shift ahead of plan, Korea sold

1) IMIX 2015: 68%, 2016: 70%, target 2018: 72%
2) EUR 1bn in 2018e

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Disciplined portfolio strategy – including disposals[1]

Acquisitions / JVs

2012		2013		2014		2015	2016		
Mensura	Gan Eurocourtage	Asia HSBC	Yapı Kredi	Unipol	TiO	Maybank Indonesia	Rogge Global Partners	Zurich Maroc	Asia Standard Chartered
EUR 0.1bn	EUR 0.5bn	EUR 0.1bn	EUR 0.7bn	EUR 0.6bn	EUR 0.2bn	EUR 0.1bn	EUR 0.1bn	EUR 0.3bn	EUR 0.2bn

Unused budget for external growth: EUR 2.4bn

2012 | 2013 | 2014 | 2015 | 2016

Disposals

2015	2016	
Fireman's Fund	AGF Insurance UK	Allianz Life Korea
EUR -0.4bn	EUR -0.1bn	Not included in budget for external growth

1) Selected transactions only

Active capital management to continue

- **EUR 2.4bn** unused budget for external growth
- Return of up to **EUR 3.0bn to shareholders** via share buyback within next 12 months[1]
- **Cancellation** of purchased shares
- EPS accretion **4.4%**[2]
- RoE uplift **0.6%-p**[2]

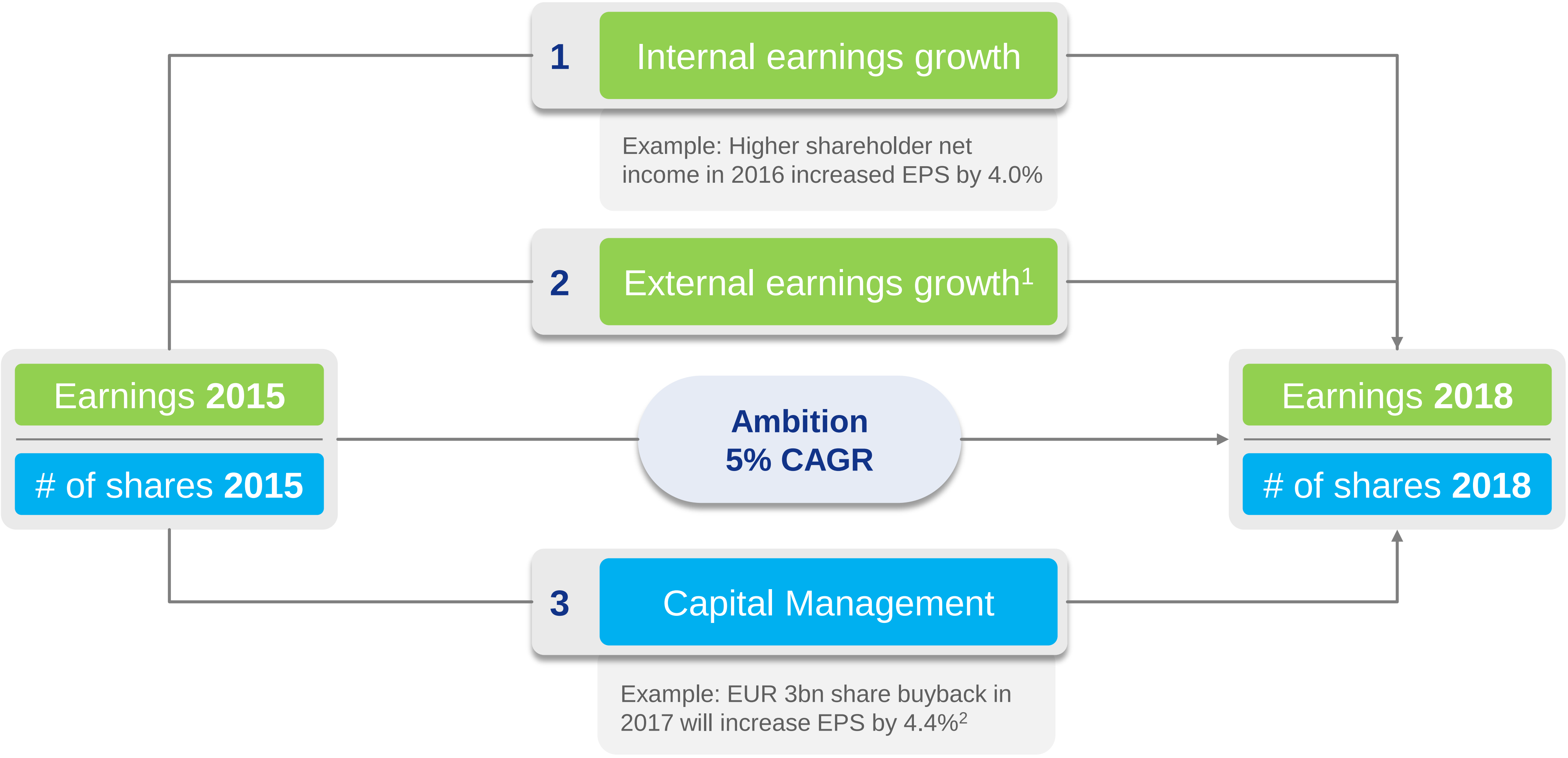
2014 2015 **2016**

2017ff.

- **Simplification** of dividend policy
- **More flexible return of excess capital** to shareholders, no longer coupled to unused budget for external growth every three years
- **Capital discipline** safeguarded by demanding EPS and RoE targets[3]

1) Subject to sustainable Solvency II ratio >160%
2) Full run-rate in 2018. Assumptions: full completion of buyback and cancellation of shares in 2017, average purchase price equal to share price on February 10, 2017 of EUR 156.85, all other KPIs unchanged
3) 5% EPS 3-year CAGR until 2018, 13% RoE in 2018, excluding unrealized gains/losses on bonds, net of shadow accounting

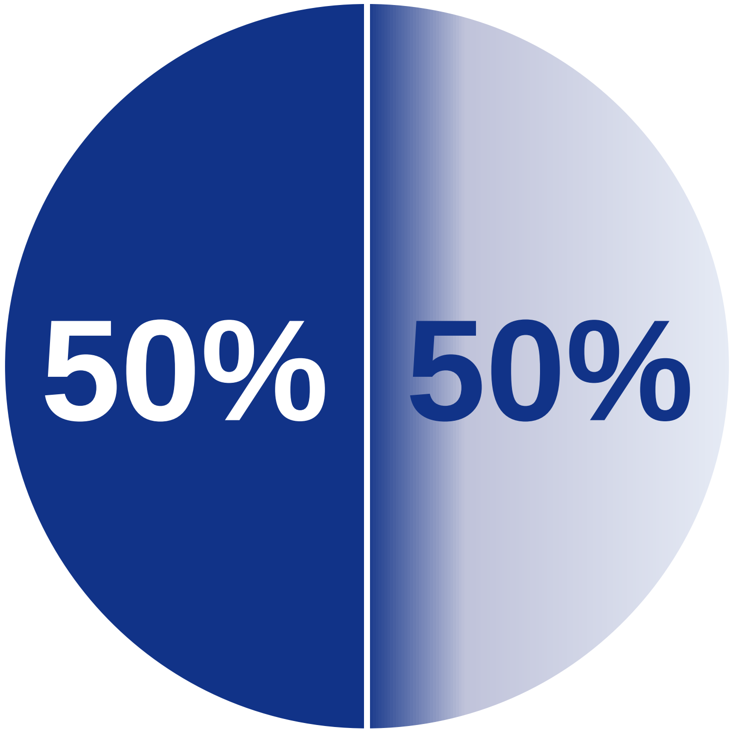
Three levers to increase earnings per share (EPS)



1) Accretive acquisitions
2) Full run-rate in 2018. Assumptions: full completion of buyback and cancellation of shares in 2017, average purchase price equal to share price on February 10, 2017 of EUR 156.85, all other KPIs unchanged

Attractive dividend policy 2017ff.[1]
(allocation of shareholders' net income)

Regular dividend – **with ratchet**[2]



Growth financing

Flexible payout of excess capital

Supports ratchet, if necessary

1) This dividend policy may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory boards, each of which may elect to deviate from this dividend policy if appropriate under the then prevailing circumstances, as well as to the approval of the annual general meeting. The entire dividend policy is subject to a sustainable SII ratio >160%
2) Absolute dividend per share at least at previous year's level, possibly increasing payout ratio to >50%

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We deliver on our equity story

	Elements	Highlights 2016
Upside potential	5% EPS growth	**4%** organic EPS growth, even including Korea[1]
	Renewal Agenda	Digital investments help drive **NPS (+5%-p)**
	Scale benefits	**> EUR 100bn** alternative assets
Attractive dividend policy	50% payout with ratchet	Dividend per share **EUR 7.60**[2] (+4.1%)
	Capital discipline	**EUR 3bn** share buyback
Downside protection	Excellent capital position	Solvency II capitalization **218%**
	Diversification	Resilient operating profit, 5-year CAGR **7%**
	High quality debt portfolio	**94%** of F/I investments with investment grade rating

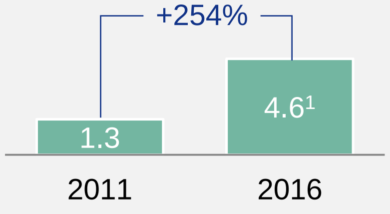
1) Impact Korea on net income 2016: EUR -454mn
2) Proposal

Continued emphasis on sustainability

Achievements and …

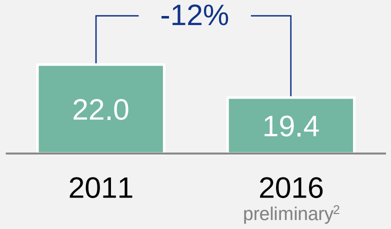
Environment

Renewable energy investments [EUR bn]



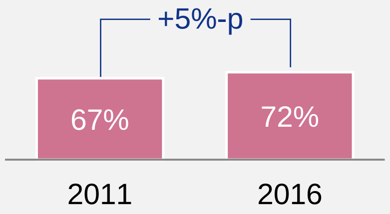
Environment

Energy consumption [GJ per employee]



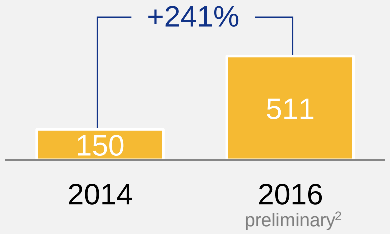
Social

Employee Engagement Index [score]



Governance

Transactions with ESG assessments



… external acknowledgments

- Gold Class — ROBECOSAM Sustainability Award Gold Class 2017; Member of Dow Jones Sustainability Indices, In Collaboration with RobecoSAM
- Top 3% (sector) — FTSE4Good
- Prime status — Corporate Responsibility Prime, rated by oekom research
- AAA rating — MSCI
- World 120 Index — EURONEXT vigeoeiris INDICES WORLD 120

Our ambition: create long-term economic value through a forward-thinking approach to ESG

1) Thereof EUR 3.5bn renewables equity and EUR 1.1bn renewables debt investments
2) Final data will be published in the Group Sustainability Report 2016 in April 2017 at www.allianz.com/sustainability

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Outlook 2017
(Operating profit[1] in EUR bn)

	P/C	L/H	AM	Corp/Cons	Group
High	5.6	4.3	2.6	-0.7	11.3
Midpoint	**5.3**	**4.0**	**2.3**	**-0.8**	**10.8**
Low	5.0	3.7	2.0	-0.9	10.3
Midpoint 2016	5.5	3.6	2.2	-0.8	10.5
Actual 2016	5.4	4.1	2.2	-0.9	10.8

+3%

1) Outlook 2017 based on new definition: restructuring costs without P/H participation will be allocated to non-operating result. Numbers for 2016 not adjusted. Actual operating profit 2016 adjusted to new definition amounts to EUR 10.9bn

Conclusion: strong 2016 result and balance sheet good base to reach ambitions for 2018[1]

Performance	Health
RoE 13	**NPS 75** better than market
EPS 5 CAGR 2015 - 2018	**IMIX 72**

1) All numbers in percent, RoE excluding unrealized gains/losses on bonds, net of shadow accounting, EPS CAGR over three years

Group financial results 2016

Dieter Wemmer
Chief Financial Officer

Munich, February 17, 2017

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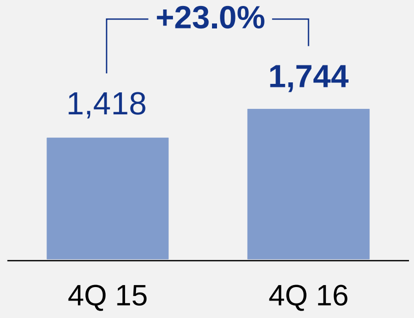
Group financial results 2016

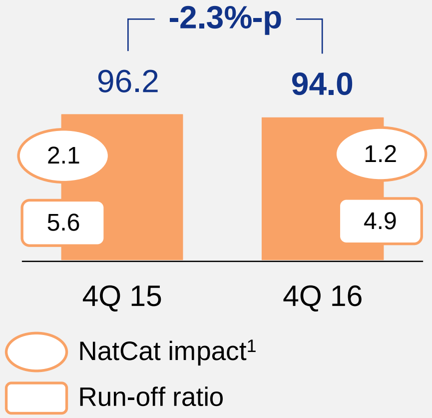
4Q: strong finish in 2016

	Group	Property-Casualty	Life/Health	Asset Management
Total revenues 4Q 16 (EUR bn) vs. prior year	**30.0** (+0.9%)	**11.2** (+2.4%)	**17.1** (+0.5%)	**1.7** (-3.8%)
Operating profit 4Q 16 (EUR mn) vs. prior year	**2,826** (+9.3%)	**1,421** (+16.4%)	**1,083** (-1.7%)	**640** (+0.5%)

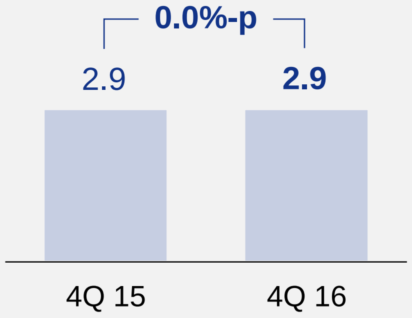
Shareholders' net income
(EUR mn)



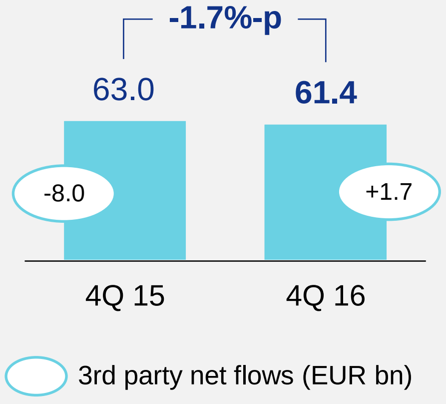
Combined ratio
(in %)



New business margin[2]
(in %)



Cost-income ratio
(in %)



1) NatCat costs (without reinstatement premiums and run-off)
2) Current and prior year figures are presented excluding the effects from the Korean life business

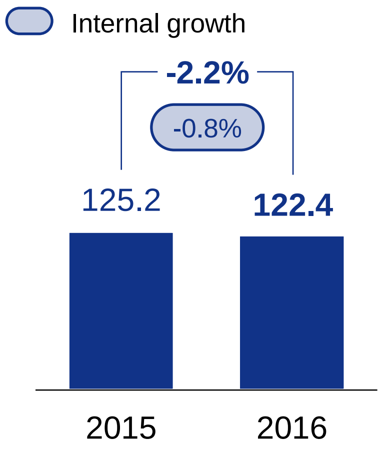
4Q: strong finish in 2016

Comments

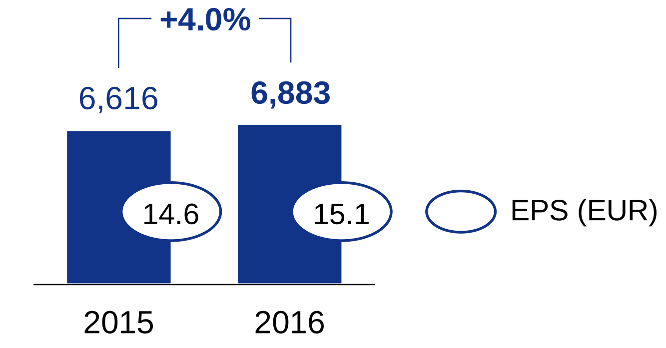
- **Revenues – slight increase**
  Excellent internal growth in P/C continues with +3.6%. Stable revenues in L/H despite business mix shift. AM revenues 4% lower than in 4Q 2015, but continuous increase during 2016 on a quarterly basis.
- **Operating profit at excellent level**
  Good result from all three segments. L/H outstanding, P/C strong and AM slightly improved.
- **Shareholders' net income sharply up**
  Improvement driven by operating profit (Δ EUR +240mn) and non-operating profit (previous year EUR 171mn goodwill impairment of our L/H business in Asia Pacific).
- **P/C – operating profit up 16%**
  Strong CR improvement benefiting from lower NatCat and less large losses. Run-off below last year.
- **L/H – operating profit again above EUR 1bn**
  Increase of operating profit in USA offset by higher PHP in Germany. NBM remains close to target level of 3.0% despite lower interest rates, supported by management action-driven change in business mix (+0.5%-p).
- **AM – 3rd party net inflows**
  2nd consecutive quarter with positive 3rd party net flows at PIMCO. Operating profit slightly enhanced because cost reductions more than compensate for lower revenues.

Group: organic EPS growth of 4 percent

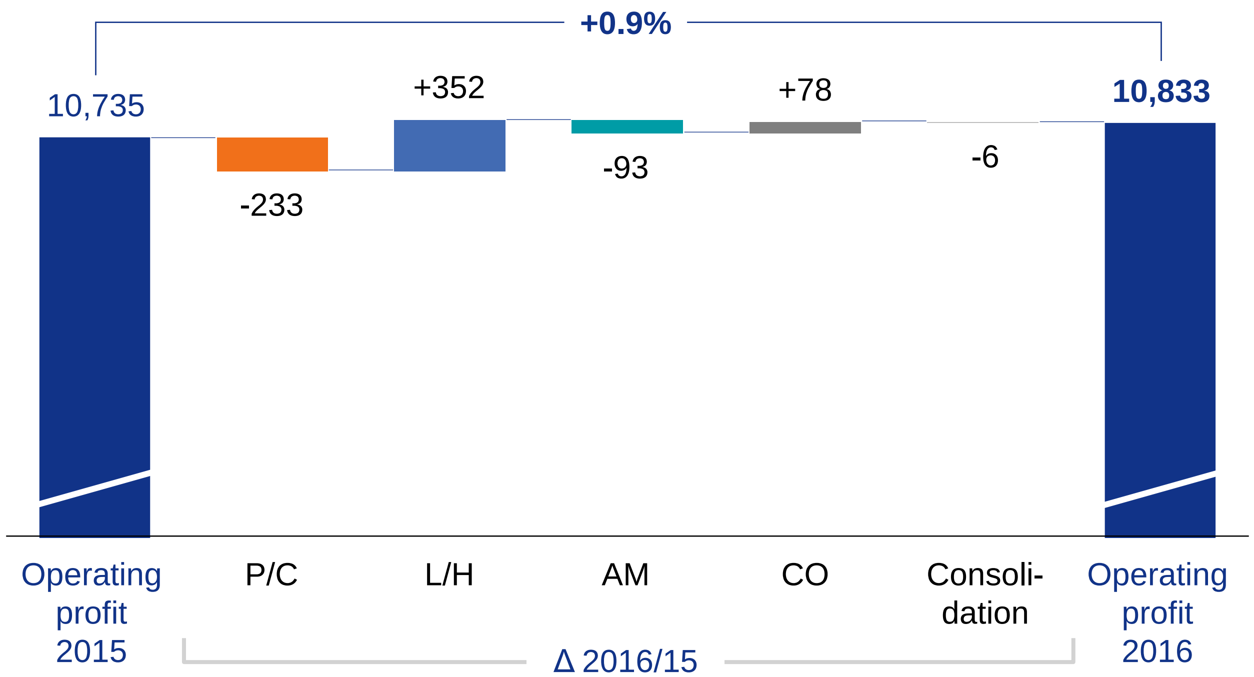
Total revenues (EUR bn)



Shareholders' net income (EUR mn)



Operating profit drivers[1] (EUR mn)



2016	**5,370**	**4,148**	**2,205**	**-867**	**-23**
2015	5,603	3,796	2,297	-945	-16

1) From the classification of our Korean life business as "held for sale" in 2Q 16 until its disposal in 4Q 16, the total result was considered as non-operating

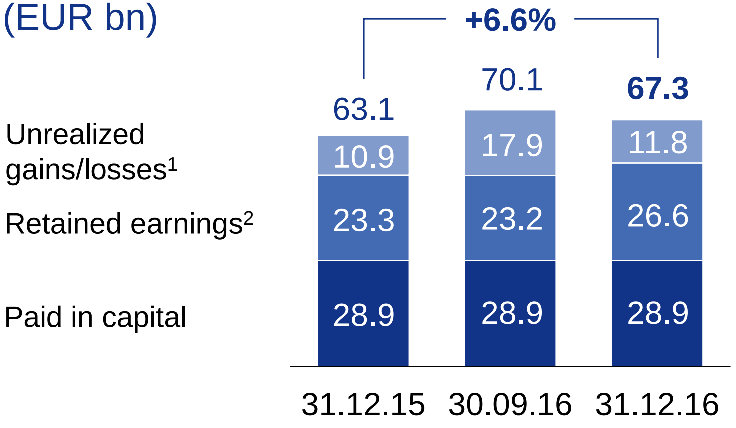
Group: organic EPS growth of 4 percent

Comments

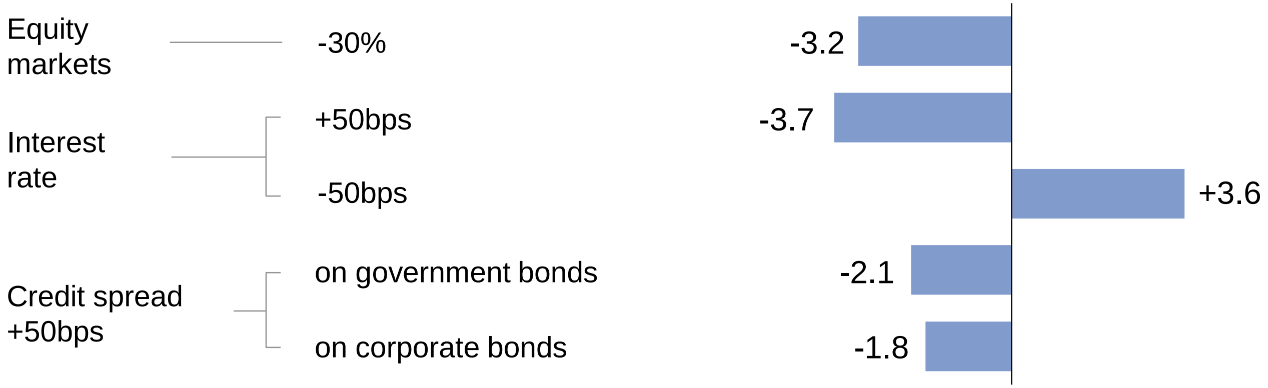
- **Revenues driven by P/C**
  Very good internal growth in P/C of 3.1%. In L/H (internal growth -3.1%) preferred lines of business largely compensate for reduction of traditional products. AM revenues 7% below 2015.
  Impact on total growth from F/X and consolidation -1.2%-p and -0.3%-p, respectively.
- **Operating profit – 5th consecutive increase**
  Near the upper end of our target range (EUR 10.0 – 11.0bn). Since 2011 operating profit has increased by 6.9% p.a. (CAGR).
- **P/C – solid result**
  Good and improved CR of 94.3%. Operating profit negatively impacted by lower investment result and non-repetition of last year's FFIC gain.
- **L/H – excellent performance**
  Main contributor to improvement is a better investment margin as a function of higher volume and a more favorable result from basis risk in USA.
- **AM – operating profit at outlook midpoint**
  Operating profit meets expectation. Expense reductions mitigate impact from lower revenues and improve CIR by 1.1%-p to 63.4%.
- **CO – at target**
  Lower admin expenses main driver of improvement.
- **S/h net income at EUR 6.9bn including Korea Life disposal**
  Net income impact from Korea (EUR -454mn), no further impact expected in 2017.

Group: solvency up – interest rate sensitivity reduced

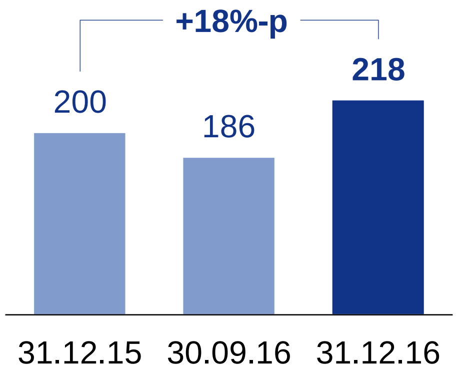
Shareholders' equity
(EUR bn)



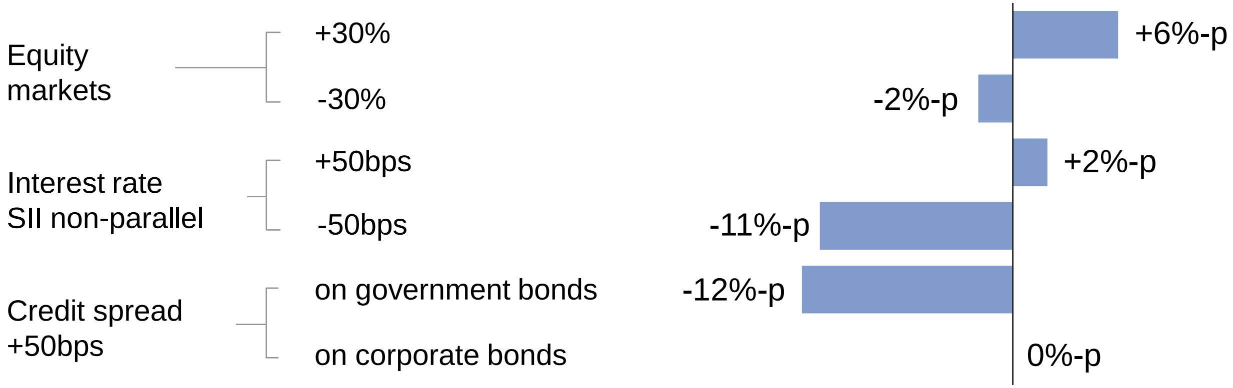
Key sensitivities (EUR bn)



SII capitalization
(in %)



Key sensitivities[3]



1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 2.8bn as of 31.12.15, EUR 2.8bn as of 30.09.16 and EUR 3.3bn as of 31.12.16
2) Including F/X

3) Second order effects to other risk types and to own funds transferability restrictions are not considered

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Group: solvency up – interest rate sensitivity reduced

Comments

- **Shareholders' equity – up 7%**
  In 2016, shareholders' equity increases by EUR 4.2bn. Net income (EUR +6.9bn), higher net unrealized gains (EUR +0.9bn) and positive F/X effects (EUR +0.2bn) clearly overcompensate dividend payment (EUR -3.3bn) and higher actuarial losses for defined benefit pension plans (EUR -0.3bn). Book value per share EUR 148.

  During 4Q, shareholders' equity decreases by EUR 2.7bn. Net income (EUR +1.7bn), positive F/X effects (EUR +0.7bn) and lower actuarial losses for defined benefit pension plans (EUR +0.8bn) are clearly overcompensated by lower net unrealized gains (EUR -6.1bn).

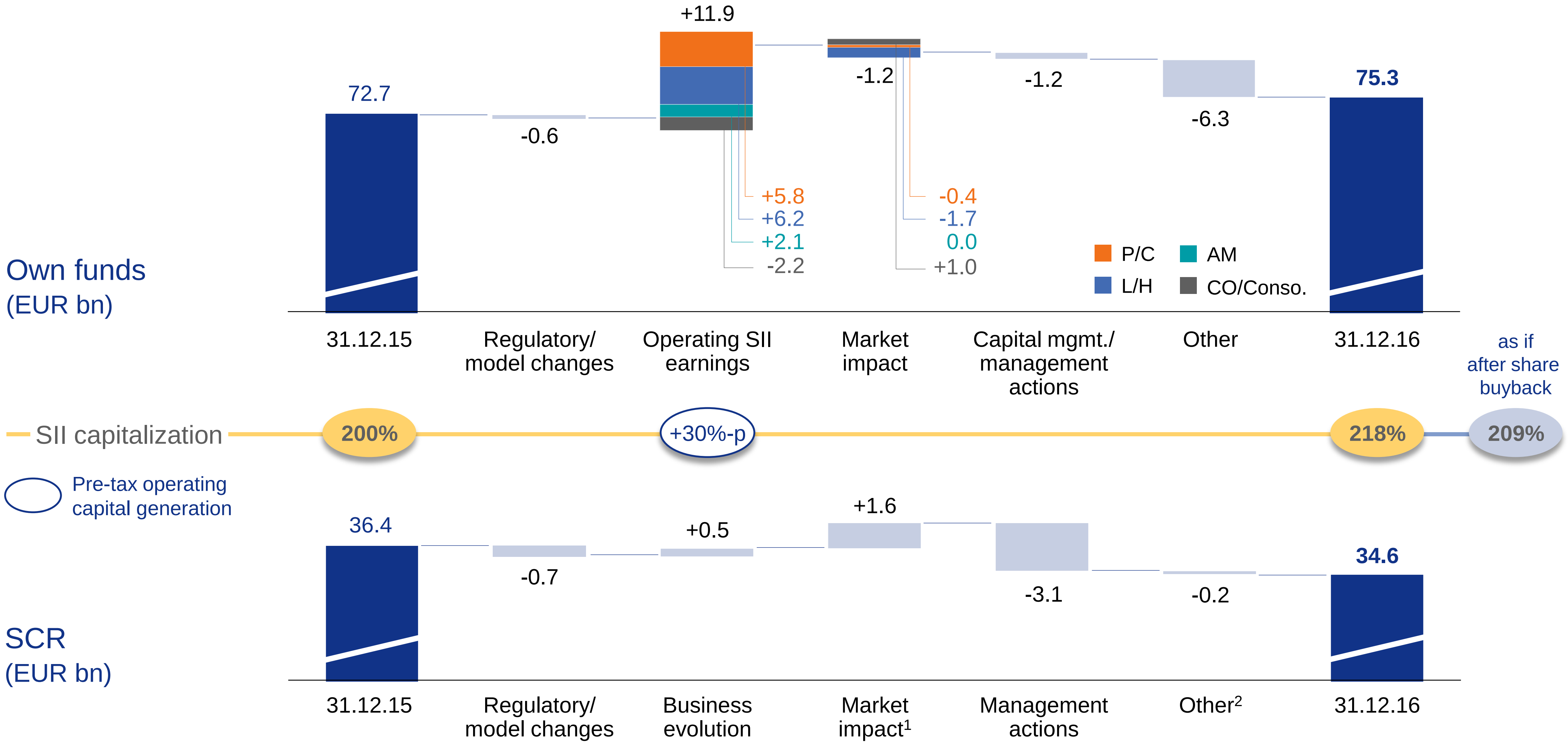
- **Solvency II ratio – strong increase in the year …**
  During the year the SII ratio increases 18%-p. The sale of our Korean operations (+9%-p) and strong capital generation post tax and dividend (+11%-p) are the main drivers.

- **… and in the quarter**
  SII ratio advances 31%-p in 4Q. Capital generation after tax and dividend accounts for +4%-p, sale of Korea for +10%-p, market impacts for +9%-p and management actions for +3%-p as the main drivers. Net effect of minor model changes amounts to a ~4%-p SII ratio increase.

- **IR sensitivity markedly reduced**
  Sensitivity to a 50bps decrease of interest rates of -11%-p markedly reduced versus FY 2015 (-14%-p). The disposal of our Korean operations and management action to further refine our asset-liability matching are the key drivers. We are well on track to achieve our 2018 target (IR sensitivity <11%-p).

  Sensitivity to a 50bps government bond spread widening decreased 4%-p during the quarter due to lower market values driven by higher interest rates. Credit spread sensitivity to corporate bonds remained flat and negligible.

Group: strong capital generation



1) Including cross effects and policyholder participation
2) Other effects on SCR include diversification effects and third country equivalence

Group: strong capital generation

Comments

- **Sale of Korea part of management action**
  Our Korean subsidiary was sold in December 2016. The sale is reflected in management actions with Korea's beginning-of-year impact in both own funds and SCR. All other items are presented excluding Korea.
- **Pre-tax operating capital generation**
  Operating SII capital generation before tax and dividend amounts to 30%-p for FY 2016.
- **Operating SII earnings**
  L/H SII earnings are ahead of their operating IFRS results. L/H benefited from operating variances and assumption changes. P/C and AM operating earnings are close to the operating IFRS result.
- **Business evolution**
  Ongoing business mix change towards capital-efficient products in L/H keeps net SCR expansion at moderate level.
- **Market impact**
  Decreasing interest rates with adverse impact on both own funds and SCR.
- **Capital management**
  Own funds movement includes EUR 3.5bn dividend accrual, partially offset by EUR 1.3bn issuance of hybrid debt in 3Q 2016.
- **Management actions**
  Sale of our Korean subsidiary accounts for EUR +1.5bn own funds and EUR -0.9bn SCR movement and is – together with proactive asset liability management – the main driver.
- **Other**
  Broadly evenly split between taxes and change in transferability restrictions.
- **Negative rates recognition – pro-forma impact**
  On a “pro-forma“ basis, the recognition of negative interest rates on solvency capital calculations would have had a negative impact on the Solvency II ratio of around -3%-p as of December 31, 2016.

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P/C: very good internal growth continues

EUR mn		Revenues 2016	Revenues Total growth Δ p.y.	Revenues Internal growth Δ p.y.	Actual rate change on renewals 2016	Actual rate change on renewals Momentum
Total P/C segment		**51,535**	-0.1%	**+3.1%**	**+1.4%**	–
Large OEs	Germany	9,902	+2.8%	+2.8%	+1.9%	stable
	Italy	4,572	-3.9%	-3.9%	-2.1%	negative
	France	4,357	+0.6%	+2.2%	+1.3%	stable
Global lines	AGCS	7,592	-6.4%	+0.5%	-0.4%	stable
	Allianz Worldwide Partners	4,185	+5.3%	+4.7%	+1.6%	stable
	Credit Insurance	2,200	-1.8%	-0.5%	-0.3%	positive
Selected OEs	Australia	3,099	+3.6%	+3.2%	+2.1%	stable
	United Kingdom	2,623	-14.1%	-3.6%	+3.4%	stable
	Spain	2,275	+6.4%	+6.4%	+5.3%	positive
	Latin America	1,900	-8.9%	+10.0%	n.m.	–

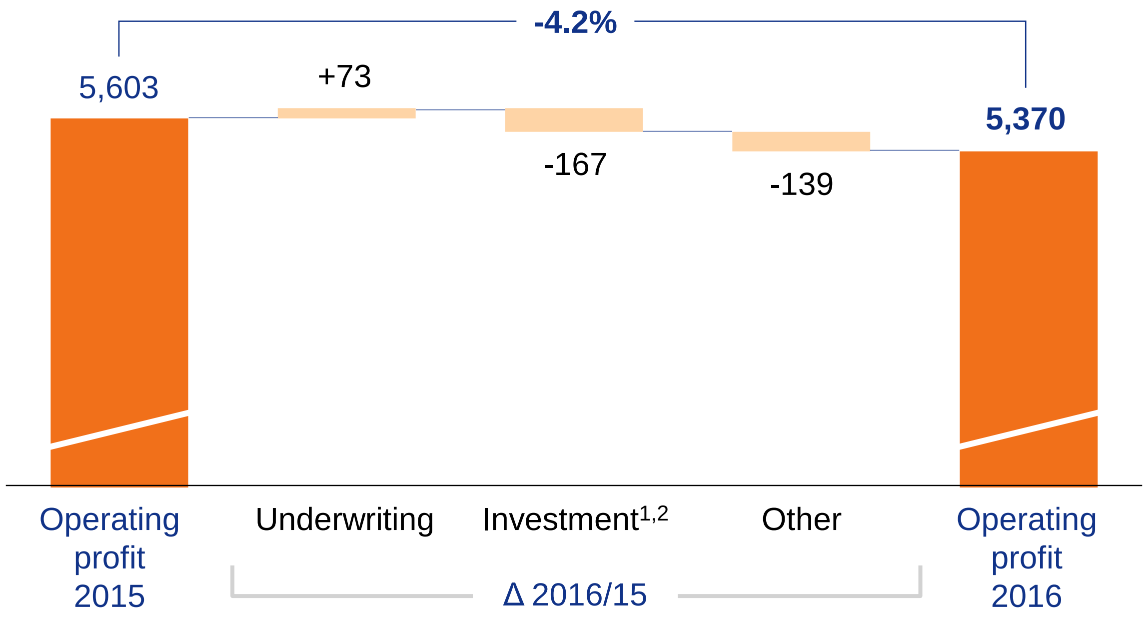
P/C: very good internal growth continues

Comments

- **Momentum accelerating further in 4Q**
  Internal growth of +3.1% for FY 2016, driven by volume and price, and ahead of our ~+2% outlook. F/X -2.2% and de-consolidations -1.0% lead to basically flat top-line.
  Retention +1.0%-p to 91.5%. 12M rate change on renewals +1.4% vs. +1.0% last year. Internal growth 4Q of +3.6% even higher than FY.
- **Germany – price and volume up**
  Strong growth, mainly driven by commercial business. 4Q growth of +3.9% excellent with property and motor in the driving seat.
- **Italy – pace of decline slowing**
  Ongoing average premium decreases in MTPL. 4Q internal growth of -2.2% better than FY, though. Genialloyd (+3.5%) continues to outgrow the direct market.
- **France – good growth**
  Good growth particularly in motor (+4.0%) in personal and commercial.
- **AGCS – profitability over volume**
  Re-underwriting initiatives mainly in specialty lines impact top-line.
- **AWP – good growth**
  US Assistance business (travel) main growth driver. Strong competition continues to impact AWP Health.
- **Australia – continued strong growth**
  Broad-based growth, in personal and commercial.
- **UK – good performance in a challenging year**
  Commercial lines (on constant F/X) up 1.6% yoy while personal lines impacted by exit from direct channel and underwriting actions in retail motor.
- **Spain – excellent growth continues**
  Similar picture to 9M – continued price- and volume-driven growth in both personal and commercial lines. Motor grows ~+7%, driven by price.
- **LatAm – turning around**
  Argentina (+32.3%) main growth driver (inflation). Brazil (-2.7%) impacted by recession but quarterly GPW internal growth turned positive in 4Q again.

P/C: better underwriting result offset by lower investment income

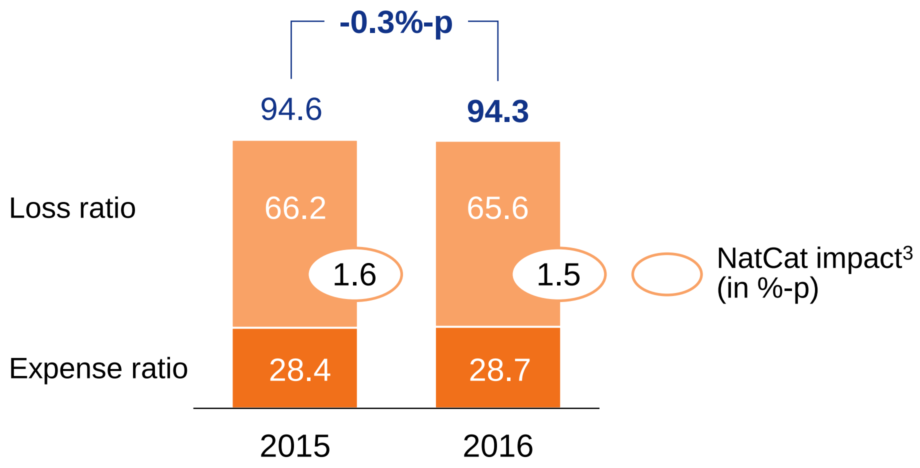
Operating profit drivers (EUR mn)



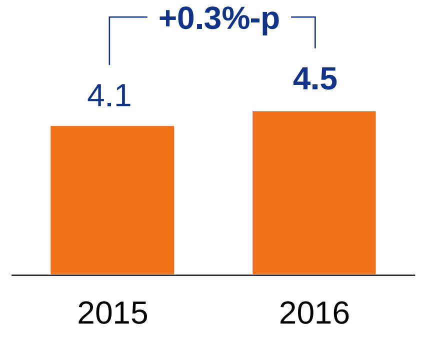
2016	**2,354**	**2,971**	**45**
2015	2,281	3,138	184

1) Including policyholder participation.
2) Effective 2016, fixed assets of renewable energy investments are disclosed as investments. Prior year figures have been restated accordingly

Combined ratio (in %)



Run-off ratio (in %)



3) NatCat costs (without reinstatement premiums and run-off)

P/C: better underwriting result offset by lower investment income

Comments

- **Operating profit – investment result headwinds**
  Higher underwriting result (attritional LR and NatCat improve by -0.1%-p each, NPE +0.3%) more than offset by lower investment result and non-repetition of last year's EUR +0.1bn gain on FFIC transaction (net of related expenses and restructuring).
  LatAm is turning around with EUR +79mn OP swing.
- **NatCat – slightly better than last year**
  NatCat losses of EUR 689mn/1.5% slightly below prior year (EUR 738mn/1.6%) and below 10-year average of 2.1%.
  4Q NatCat of EUR 140mn/1.2% well below last year (EUR 249mn/2.1%).
- **Run-off – reflecting strong balance sheet**
  FY run-off of 4.5% above 10-year average of 3.7%, while maintaining reserve strength. Contribution spread across many OEs, in particular Italy, Australia and AGCS. 4Q releases of 4.9% below last year (5.6%).
- **Attritional and AY LR – better on lower weather-related losses**
  AY LR improves -0.2%-p to 70.1% due to lower NatCat and weather-related losses. Large losses stable yoy but above 5-year average.
  Attritional LR improves by -0.1%-p to 68.6%. AGCS, Spain and LatAm are the main contributors. Excluding all volatile items (NatCat, weather-related and large losses), AY LR is flat compared to last year.
- **Expense ratio – slightly up**
  ER 0.2%-p higher than last year. Main drivers were change of business mix at AWP and the negative volume effect in Italy.

P/C: UK and LatAm with strong improvements

EUR mn		Operating profit 2016	Operating profit Δ p.y.	Combined ratio 2016	Combined ratio Δ p.y.	NatCat impact on CR[1] 2016	NatCat impact on CR[1] Δ p.y.
Total P/C segment		**5,370**	-4.2%	**94.3%**	-0.3%-p	**1.5%-p**	-0.1%-p
Large OEs	Germany	1,118	-8.1%	92.7%	+0.8%-p	1.9%-p	-0.6%-p
	Italy	941	-12.5%	84.8%	+1.7%-p	0.0%-p	0.0%-p
	France	424	-8.9%	96.3%	+0.5%-p	1.8%-p	+0.8%-p
Global lines	AGCS	376	-11.0%	101.6%	-1.4%-p	4.7%-p	+1.6%-p
	Allianz Worldwide Partners	150	+17.1%	97.9%	+0.5%-p	0.0%-p	0.0%-p
	Credit Insurance	328	-17.9%	83.0%	-0.2%-p	–	–
Selected OEs	Australia	358	+16.6%	93.6%	-2.6%-p	3.1%-p	+0.1%-p
	United Kingdom	145	+157.1%	96.1%	-6.6%-p	0.3%-p	-4.3%-p
	Spain	184	-11.4%	92.9%	+0.2%-p	0.0%-p	0.0%-p
	Latin America	-75	n.m.[2]	110.1%	-6.5%-p	0.0%-p	0.0%-p

1) NatCat costs (without reinstatement premiums and run-off)
2) Operating profit in Latin America improved by EUR 79mn from EUR -154mn in 2015

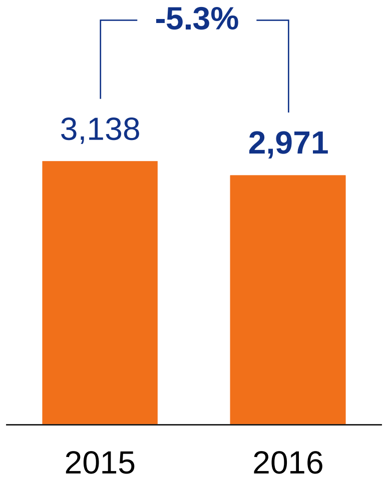
P/C: UK and LatAm with strong improvements

Comments

- **Germany – large losses outweigh lower weather**
  AY LR increases +0.7%-p as higher large losses more than offset lower weather-related claims. CR remains very good.
- **Italy – CR remains excellent**
  AY LR and ER up. 9M trend of lower average premiums (MTPL) and increase in frequency continued. Outstanding 4Q CR of 80.2%.
- **France – impacted by NatCat and large losses**
  Slight increase of LR due to higher NatCat and large losses, partly offset by higher run-off.
- **AGCS – good performance**
  Better AY LR and ER as well as slightly higher run-off ratio all contribute to CR improvement, partly offset by higher large loss impact. Last year's OP benefited from FFIC transaction.
- **Australia – strong result**
  CR improvement vs. 12M 2015 driven by higher run-off and lower AY LR. Latter is positively impacted by less weather-related claims.
- **UK – strong CR improvement**
  LR improves 5.6%-p mainly due to lower NatCat and higher run-off. Lower ER also contributes to strong CR improvement.
- **Spain – underwriting initiatives keep CR stable on excellent level**
  Strong AY LR improvement broadly offset by lower run-off and higher large loss impact. OP decline reflects intra-group reinsurance transaction.
- **LatAm – both Brazil and Argentina improve**
  Brazil CR improves 4.5%-p yoy to 115.2%.
  FY OP of EUR -96mn driven by EUR -56mn reserve strengthening for a run-off life portfolio.
  Argentina with positive operating results for both FY 2016 (EUR 6mn) and 4Q (EUR 2mn) as management actions are showing positive effects.

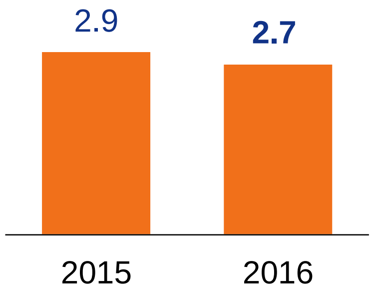
P/C: interest & similar income lower, in line with market developments

Operating investment result[1,2]
(EUR mn)

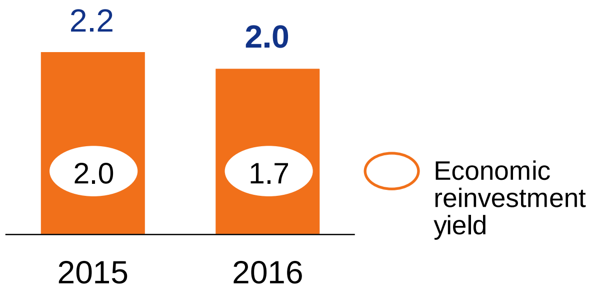


	2015	2016	Change
Interest & similar income[3]	3,576	3,391	-185
Net harvesting and other[4]	-73	-44	+29
Investment expenses	-365	-376	-11

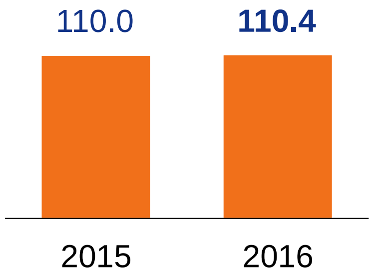
Current yield
(debt securities; in %)



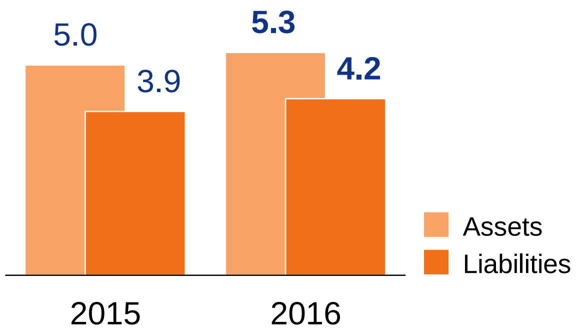
Reinvestment yield
(debt securities; in %)



Total average asset base[2,5]
(EUR bn)



Duration[6]



1) Including policyholder participation
2) Effective 2016, fixed assets of renewable energy investments are disclosed as investments. Prior year figures have been restated accordingly
3) Net of interest expenses
4) Other comprises fair value option, trading and F/X gains and losses, as well as policyholder participation
5) Asset base includes health business France, fair value option and trading
6) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the P/C segment

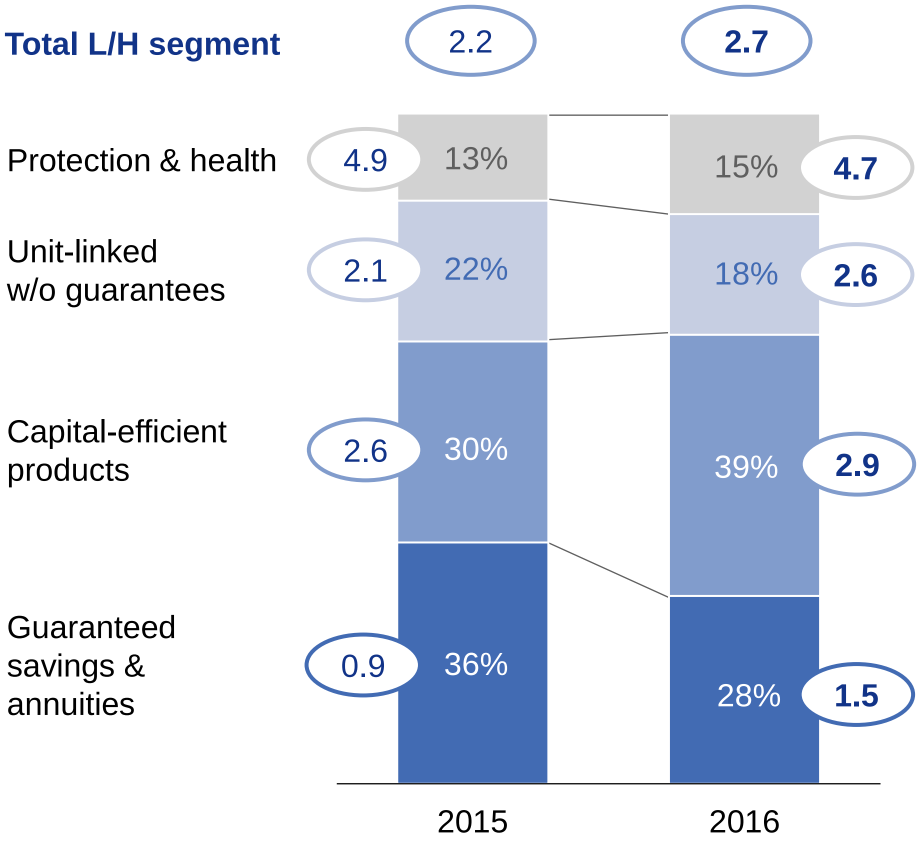
P/C: interest & similar income lower, in line with market developments

Comments

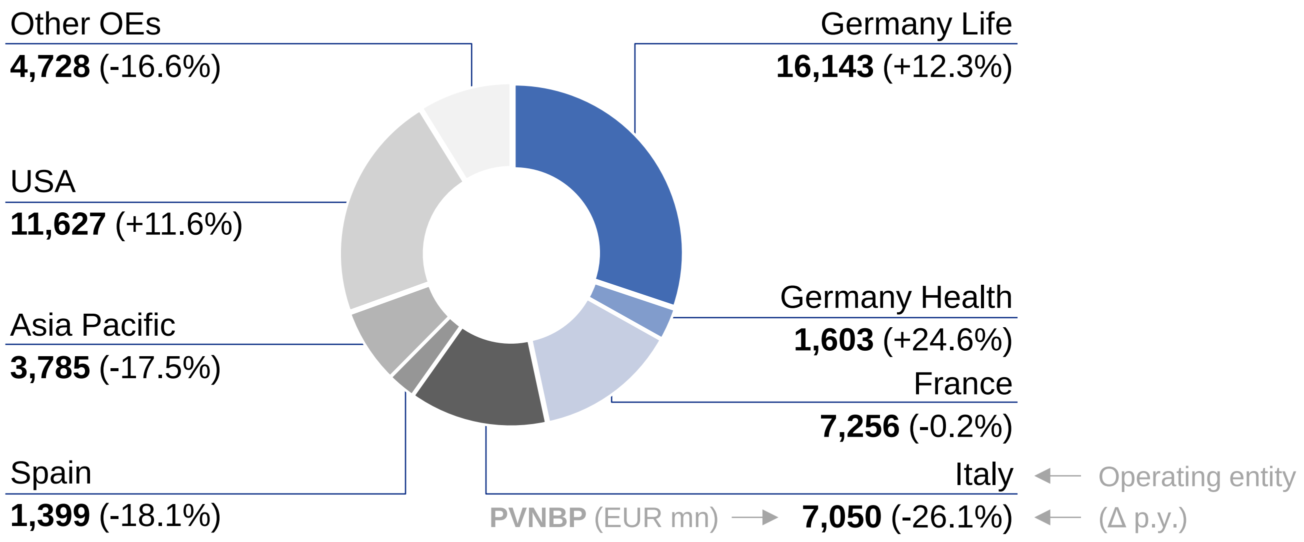
- **Operating investment result EUR 167mn lower**
  Decline in interest & similar income main reason as current yield on fixed income securities falls 0.2%-p yoy.
- **Net harvesting & other**
  Higher investment income for APR policies net of PHP. F/X result net of hedging basically stable.
- **Economic reinvestment yield**
  Discrete 4Q economic reinvestment yield of 1.7% above 1.6% for 3Q, reflecting market movements. The economic reinvestment yield is an alternative calculation methodology incorporating long-term F/X costs.

L/H: successful shift in business mix

PVNBP share by line[1]



PVNBP by OE[1]



EUR mn	2015	2016	Δ p.y.
PVNBP	54,852	**53,591**	-2.3%
Single premium	34,077	32,204	-5.5%
Recurring premium	4,244	4,454	+4.9%
APE	7,651	**7,674**	+0.3%

1) Current and prior year figures are presented excluding the effects from the Korean life business

L/H: successful shift in business mix

Comments

PVNBP by line

- **New business – better business mix**
  9% increase of preferred lines of business almost offsets drop of 23% in traditional products. As a result share of preferred lines of business enhances by 8%-p to 72%. Biggest drivers in new business are capital-efficient products with +29% and protection & health with +13%.
- **NBM up 0.5%-p despite lower rates**
  Profitability of protection & health remains at very good level. All other three lines of business with significant NBM improvement. NBM of capital-efficient products close to target level of 3.0%. NBM 4Q 2016 at 2.9% up from 2.8% in 3Q.
- **Net flows reflect product shift**
  Net flows excluding Korea at EUR 6.1bn, mainly driven by preferred lines of business.

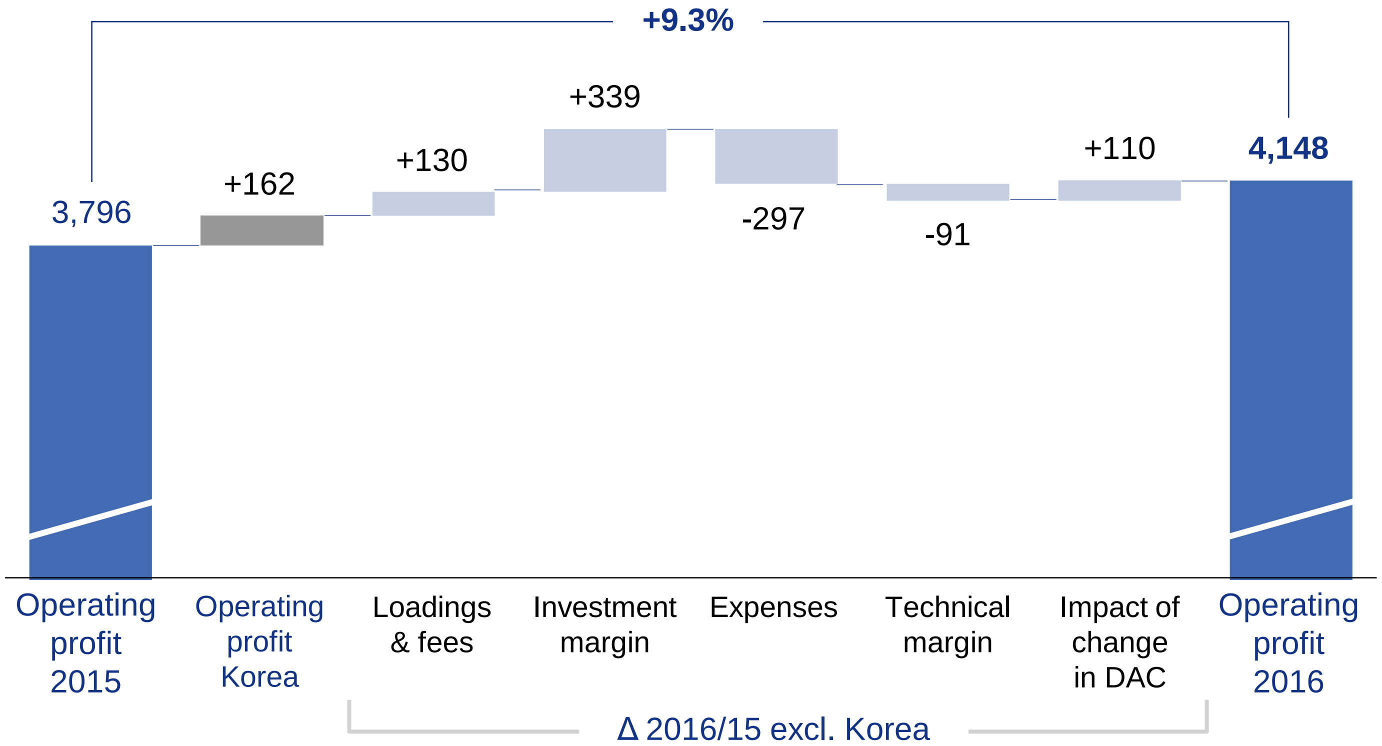
PVNBP by OE

- **Germany Life – protection & health up 18%**
  Capital-efficient products grow by 42% with share in new business increasing 11%-p to 55%.
- **USA – sales success with FIA and hybrid VA**
  PVNBP increase driven by capital-efficient products, i.e. FIA (+15%) and hybrid VA product (+117%).
- **Italy – UL share in new business at 74%**
  Traditional business down 52%. Financial market volatility weighs on UL sales (-20%).
- **Spain – favorable business mix shift**
  Share of preferred lines of business up 21%-p to 61%. Traditional business drops 47%.
- **Asia Pacific – several countries enhance**
  Market conditions weigh on sentiment in Taiwan (Δ EUR -1.1bn). All other major countries with higher production and NBM >4%.

Allianz

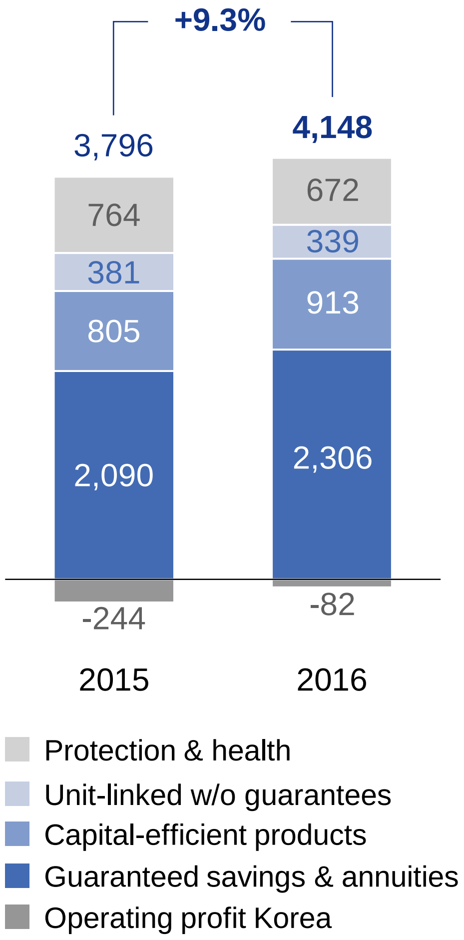
L/H: operating profit surpasses EUR 4 billion for the first time
(EUR mn)

Operating profit by source[1]



2016	**-82**	**5,609**	**4,401**	**-6,687**	**955**	**-48**
2015	-244	5,479	4,062	-6,390	1,046	-158

Operating profit by line[1]



1) Prior year figures changed in order to reflect the roll out of profit source reporting to China

L/H: operating profit surpasses EUR 4 billion for the first time

Comments

- **OP at 115% of FY target mid-point**
  Operating profit at outstanding level supported by very strong investment margin (107bps). Contribution of Korea (EUR -82mn) to vanish in 2017. New target range EUR 3.7 – 4.3bn.
- **Share of OEs with RoE ≥ 10% up to 75%**
  Various OEs with significant improvement. RoEs of large OEs like Germany Life, USA, France, Germany Health and Spain above 10%. Segment RoE at 10.3%.
- **Loadings & fees – business mix**
  Increase due to higher single premium business in Germany Life (Δ EUR +1.0bn) and higher production in Indonesia and Thailand (Δ EUR +0.1bn).
- **Investment margin – volume growth and markets**
  2/3 of improvement from volume growth, remainder mainly from favorable movements, e.g. basis risk USA. Net harvesting & other above normal level.
- **Expenses – new business, investments, one-offs**
  Higher acquisition expenses (Δ EUR +173mn) due to sales success in Germany and USA. Increase of admin expenses (Δ EUR +104mn) broadly in line with higher reserves, admin. expense ratio rather stable.
- **Technical margin – one-off charges**
  Decrease driven by USA (Δ EUR -85mn) mainly due to a non-recurring reserve increase (refinement of methodology). Lower contribution from Switzerland (Δ EUR -35mn).
- **Impact of change in DAC**
  Positive impact supported by higher production and favorable true-up/unlocking in Germany Life and France.

Allianz

L/H: NBM near target of 3 percent

EUR mn		Value of new business[1] 2016	Value of new business[1] Δ p.y.	New business margin[1] 2016	New business margin[1] Δ p.y.	Operating profit 2016	Operating profit Δ p.y.
Total L/H segment		**1,448**	+21.7%	**2.7%**	+0.5%-p	**4,148**	+9.3%
Large OEs	Germany Life	542	+78.4%	3.4%	+1.2%-p	1,260	+0.3%
	USA	273	-14.0%	2.4%	-0.7%-p	960	+14.1%
	Italy	131	+18.0%	1.9%	+0.7%-p	252	-6.0%
	France	59	+70.5%	0.8%	+0.3%-p	656	+19.3%
Selected OEs	Asia Pacific	177	-6.2%	4.7%	+0.6%-p	84	n.m.[2]
	Spain	60	+44.8%	4.3%	+1.9%-p	227	+15.7%
	Turkey	52	+26.3%	7.2%	+2.9%-p	68	+25.2%
	Germany Health	34	+22.9%	2.1%	0.0%-p	168	-21.4%
	Benelux	18	+141.0%	1.2%	+0.8%-p	123	+1.8%
	Switzerland	8	-70.0%	0.8%	-0.9%-p	82	+8.8%

1) Current and prior year figures are presented excluding the effects from the Korean life business
2) Operating profit in Asia Pacific improved by EUR 167mn from EUR -83mn in 2015.
From the classification of our Korean life business as "held for sale" in 2Q 16 until its disposal in 4Q 16, the total result was considered as non-operating

L/H: NBM near target of 3 percent

Comments

New business

- **Significant NBM improvement of 0.5%-p**
  Impact from less favorable economic conditions (-0.3%-p) more than offset by change in business mix (+0.6%-p) and introduction of refined model for calculation of technical provision in Germany Life (+0.2%-p).
- **4Q NBM 2.9% and 3.2% with eoq assumptions**
  NBM 4Q 2016 at 2.9% and close to target level of 3.0%. Calculated with end-of-quarter assumptions 4Q NBM at 3.2%.
- **VNB at 2nd highest level in last 10 years**
  22% increase due to better NBM.
- **Most OEs show NBM improvement**
  Supported by business mix change NBMs in Turkey, Asia Pacific and Spain enhance to excellent level. NBM USA recovers by 1.4%-p in 4Q vs. 3Q. Germany Life NBM benefits from business mix shift and refined model.

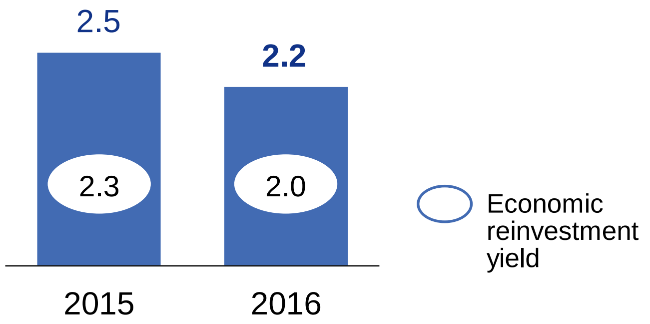
Operating profit

- **Germany Life remains outstanding**
  Lower investment margin (Δ EUR -64mn; higher PHP) offset by impact from change in DAC (Δ EUR +56mn).
- **France – very good profitability**
  Improvement driven by favorable DAC development.
- **USA – operating profit the first time > USD 1bn**
  Operating profit at USD 1.1bn. Reserve growth (+12%) and better result from VA (Δ EUR +137mn) mainly due to a swing in basis risk.
- **Germany Health – investment margin down**
  Less realized gains and higher impairments.
- **Turkey – profitability very strong**
  Operating profit in local currency +37%.
  RoE almost doubles from 6.9% to 13.4%.

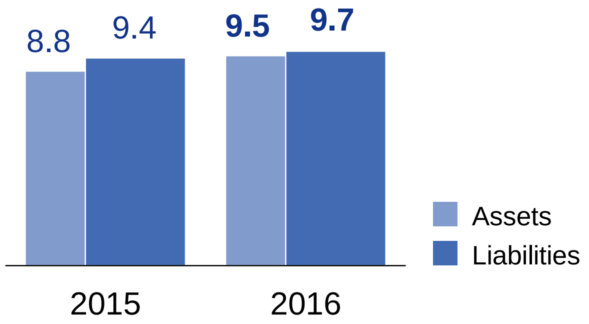
L/H: investment margin at 107bps

(Yields are pro-rata)	Investment margin 2015[1]	Investment margin 2016[1]
Based on Ø book value of assets[2] (EUR bn)	**474**	**499**
Current yield	3.8%	3.5%
Based on Ø aggregate policy reserves (EUR bn)	**390**	**412**
Current yield	**4.6%**	**4.3%**
Net harvesting and other[3]	0.5%	0.8%
Total yield	**5.1%**	**5.1%**
- Ø min. guarantee[4]	2.2%	2.1%
Gross investment margin (in %)	**2.9%**	**2.9%**
- Profit sharing under IFRS[5]	1.9%	1.9%
Investment margin (in %)	**1.0%**	**1.1%**
Investment margin (EUR mn)	4,062	4,401

Reinvestment yield[1] (debt securities; in %)



Duration[6]



1) Current and prior year figures are presented excluding the effects from the Korean life business
2) Asset base under IFRS which excludes unit-linked, FVO and trading
3) Other comprises fair value option, trading and F/X gains and losses, as well as investment expenses
4) Based on technical interest
5) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
6) For the duration calculation a non-parallel shift in line with SII yield curves is used. Data excludes internal pensions residing in the L/H segment

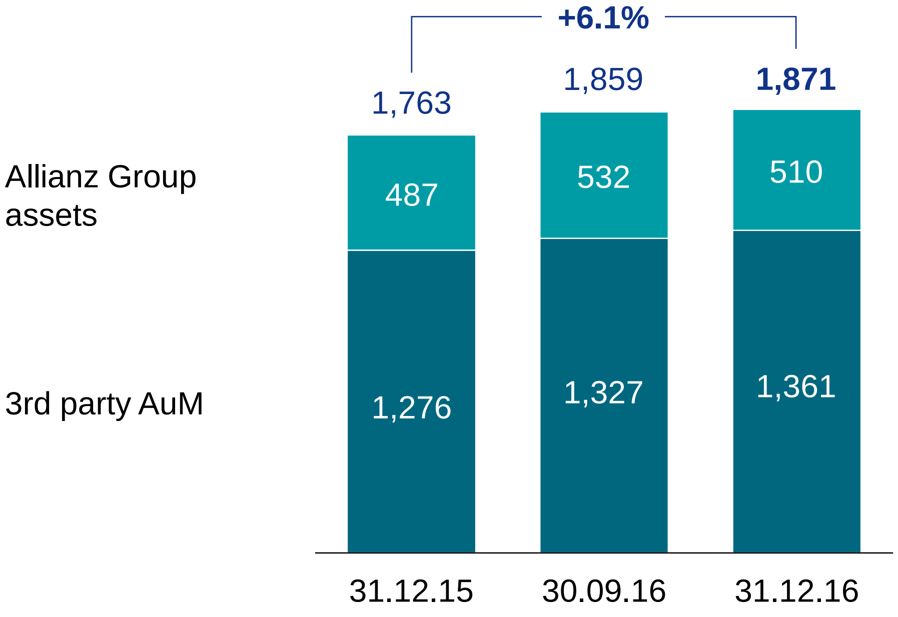
L/H: investment margin at 107bps

Comments

- **Yield decline within expected range**
  Current yield based on aggregate policy reserves down 31bps, negatively impacted by F/X. Impact partially offset by lower average minimum guarantee (-10bps).
- **Net harvesting and other – high level**
  Result of 78bps above normal level. Improvement mainly due to more favorable market movements. Normal level of net harvesting and other ~10-20bps.
- **Investment margin (in %) very high at 107bps**
  Normal full-year level approx. 90-95bps.
- **Investment margin well above EUR 4bn**
  5.6% higher reserve base and 2.6% better investment margin lead to a plus of 8.3%.
- **PHP broadly stable**
  PHP slightly down by 0.8%-p to 78.9%.
- **Economic reinvestment yield**
  Alternative calculation methodology incorporates long-term F/X costs.
- **Asset liability management further improved**
  Management action to refine our asset liability matching more than offsets the negative impact from the decrease in SII valuation curve. Disposal of our Korean life business had a positive impact.

AM: 3rd party AuM up 7%

Total assets under management
(EUR bn)



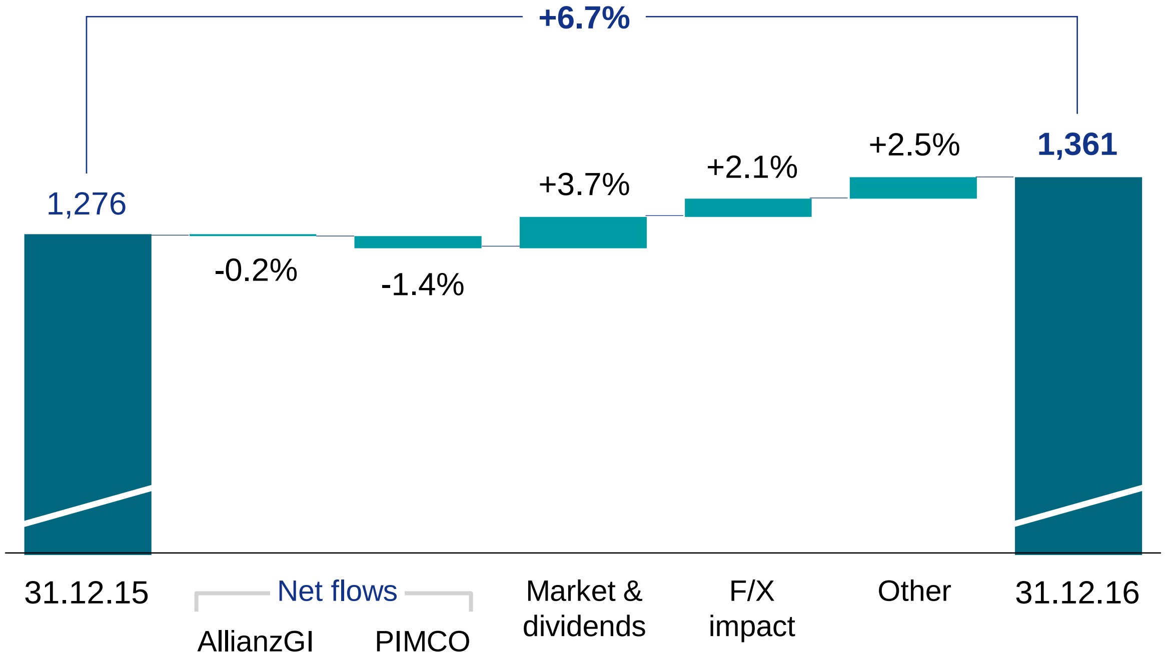
3rd party AuM split

	31.12.15	30.09.16	31.12.16
PIMCO	987	1,006	**1,036**
AllianzGI	289	321	**325**

PIMCO: +4.9%

AllianzGI: +12.5%

3rd party assets under management development
(EUR bn)

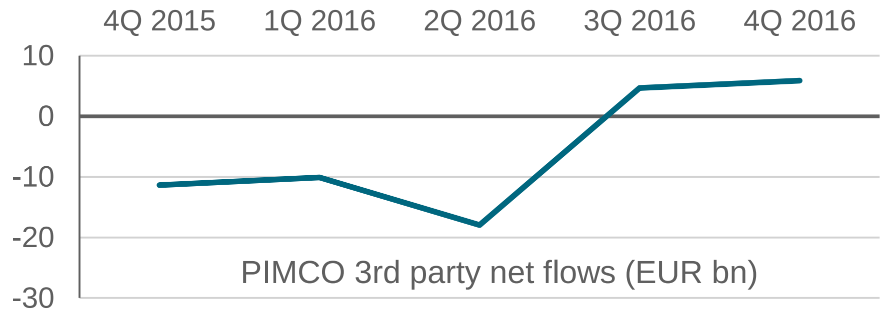


EUR bn	-2.8	-17.5	+47.0	+26.6	+31.6

AM: 3rd party AuM up 7%

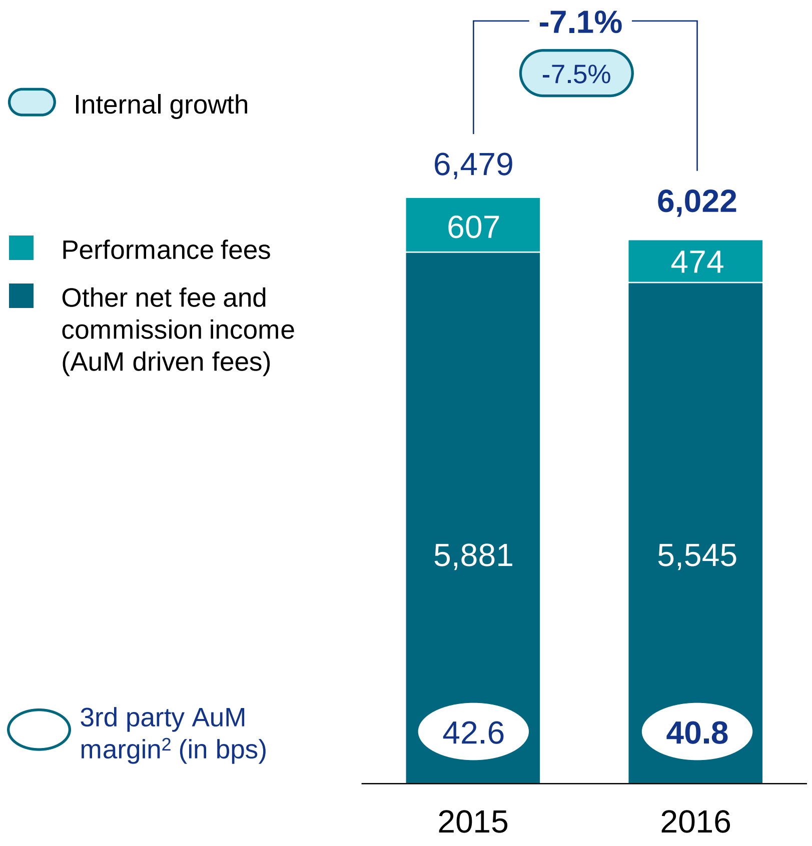
Comments

- **AuM segment – up 7%**
First year over year growth of 3rd party AuM since 2012, driven by market development, acquisition of Rogge Global Partners and F/X.
- **AuM PIMCO – up 5%**
Favorable markets and F/X drive 3rd party AuM. Non-traditional strategies account for 80% of 3rd party AuM.
- **AuM AllianzGI – up 12%**
Increase of 3rd party AuM driven by Rogge Global Partners (consolidation impact: EUR 32bn), supported by market effects and F/X.
- **Net flows segment – strongly improved**
3rd party net outflows improve from EUR 107bn in 2015 to EUR 20bn (-81%).
- **Net flows AllianzGI – outflows**
3rd party net inflows in Multi Asset and Alternatives could not fully compensate for net outflows from equity business.
- **Net flows PIMCO – inflows in 3Q and 4Q 2016**
FY 2016 3rd party net flows strongly improved; net outflows reduced by 86% to EUR 17bn. Non-traditional business with net inflows. Income and Investment Grade Credit strategies particularly favorable with double-digit bn net inflows, respectively. Income fund led Morningstar U.S. list of top flowing active funds in 2016. Net inflows in 3Q / 4Q 2016 (EUR 5bn / 6bn) supported by both, separate accounts and active funds. 88% of 3rd party AuM outperformed benchmarks on a trailing 3-year basis (before fees).

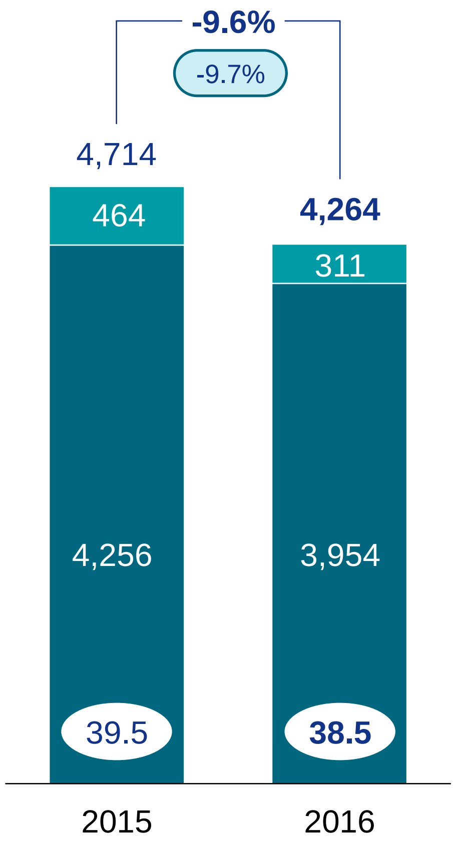


AM: revenues decline, but quarterly trend in 2016 positive

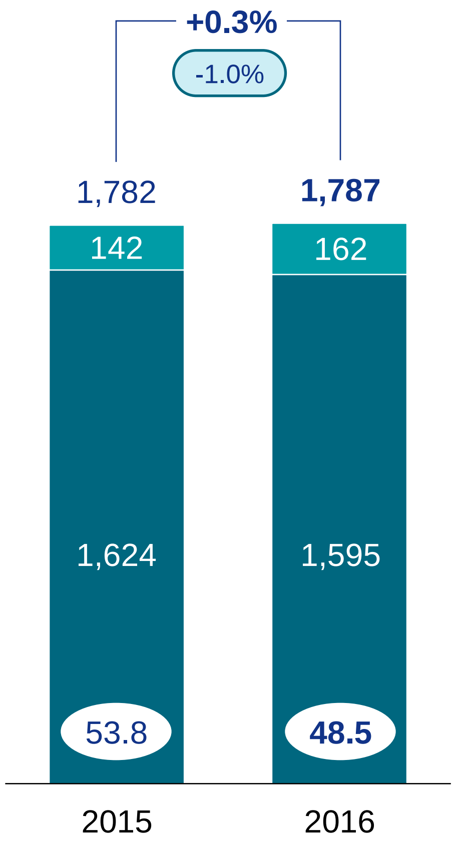
Revenues development[1] (EUR mn)



PIMCO[3]



AllianzGI[4]



1) Other operating revenues in the AM segment of EUR -8mn in 2015 and EUR 3mn in 2016 are not shown in the chart
2) Excluding performance fees and other income, 12 months
3) Other operating revenues at PIMCO of EUR -6mn in 2015 and EUR -1mn in 2016 are not shown in the chart
4) Other operating revenues at AllianzGI of EUR 16mn in 2015 and EUR 29mn in 2016 are not shown in the chart

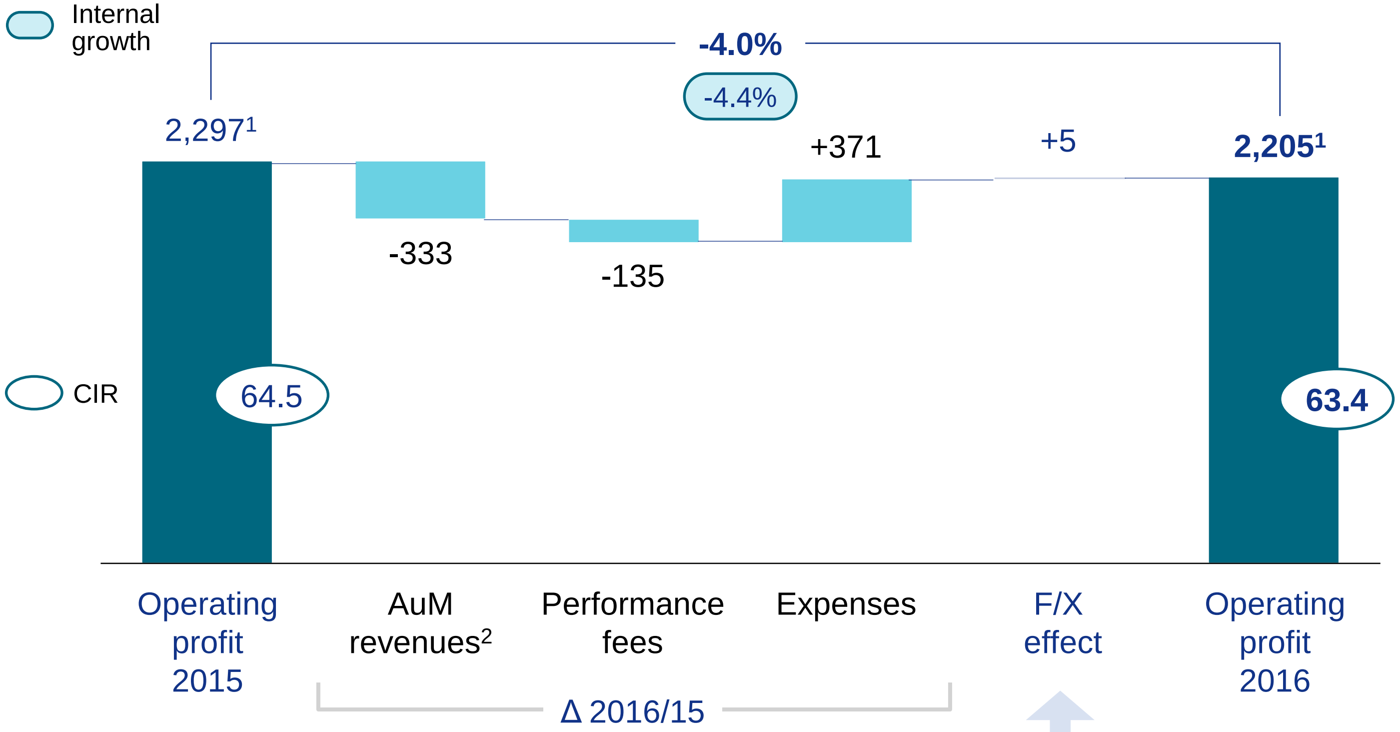
AM: revenues decline, but quarterly trend in 2016 positive

Comments

- **Segment – quarterly revenues increase during 2016**
  Decrease of AuM driven fees (Δ EUR -336mn) due to volume impact (Δ EUR -102mn) and margin effects (Δ EUR -234mn). Performance fees normalized (Δ EUR -133mn) after extraordinarily high level in 2015. In 2016, quarterly revenues increase continuously (EUR 1,388mn / 1,440mn / 1,539mn / 1,656mn in 1Q-4Q).
- **PIMCO – revenues down**
  Decline primarily due to lower AuM driven fees (Δ EUR -303mn) reflecting lower average 3rd party AuM and lower margins. Performance fees lower by EUR 153mn because of extraordinarily high level of carried interest in 2015.
- **AllianzGI – stable revenues**
  Higher performance fees (Δ EUR +20mn) and other revenues offset lower AuM driven fees (Δ EUR -29mn) which decrease mainly due to a shift in asset mix.
- **PIMCO – quarterly margins stable**
  Full-year margin down due to outflows from higher-margin products particularly in 4Q 2015. Quarterly margins stable in 2016 (38.2 / 38.7 / 38.7 / 38.4bps in 1Q-4Q).
- **AllianzGI – margin driven by extraordinary effects**
  2016 margin (48.5bps) 5.3bps lower than in 2015 (53.8bps). Reasons:
  Δ -2.7bps change of business mix due to acquisition of Rogge Global Partners (fixed income strategies for institutional clients);
  Δ -1.2bps due to technical effects like reclassification of revenue components from AuM driven fees to other revenues;
  Δ -1.4bps mainly due to lower shares of equity/retail business.

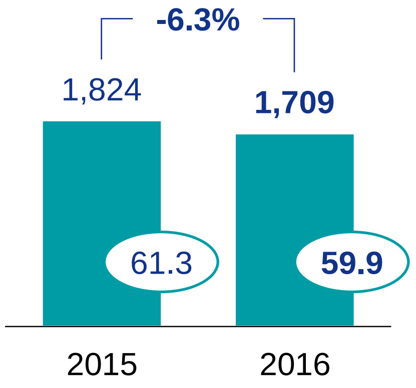
AM: OP at outlook midpoint, CIR improved
(EUR mn)

Operating profit drivers

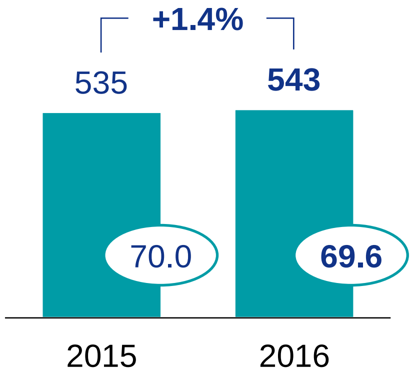


F/X impact	+9	+3	-7
2016	**5,548**	**474**	**-3,818**
2015	5,872	607	-4,182

PIMCO



AllianzGI



1) Including operating loss from other entities of EUR -62mn in 2015 and EUR -47mn in 2016
2) Including other operating revenues

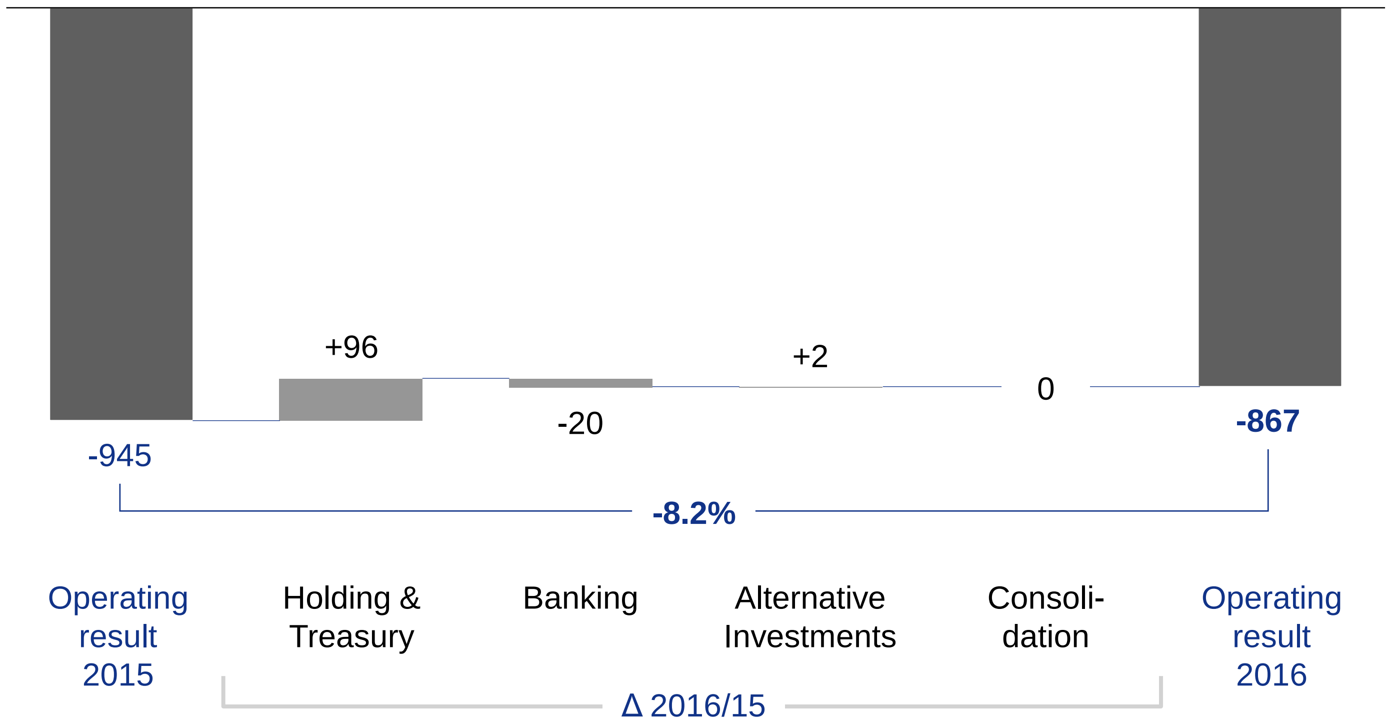
AM: OP at outlook midpoint, CIR improved

Comments

- **Segment – OP on target**
  OP at outlook midpoint of EUR 2.2bn. Reduced expenses mitigate impact from lower revenues. CIR better by 1.1%-p, driven by cost reductions at PIMCO.
  4Q 2016 OP (EUR 640mn) on highest quarterly level since 3Q 2014 (EUR 694mn).
- **PIMCO – quarterly OPs improve, FY OP down 6%**
  OP down versus 2015 due to lower volume / margins and lower performance fees. Significant expense reductions mitigate impact from lower revenues. CIR improves by 1.4%-p and already reaches 2018 target level (60%).
  4Q 2016 OP (EUR 517mn) on highest quarterly level since 3Q 2014 (EUR 594mn) and constantly rising during 2016 (1Q-3Q: EUR 353mn / 384mn / 455mn).
- **AllianzGI – OP rises 1%**
  OP on highest level since new set up of AllianzGI in 2012, although only slightly increased versus 2015. CIR improves by 0.3%-p to 69.6%, the best level since 2012.
  4Q 2016 OP of EUR 133mn below 4Q 2015 (EUR 150mn) mainly because of lower performance fees and IT-related investments in future growth.

CO: operating result improved
(EUR mn)

Operating loss development and components



2016	**-981**	**74**	**39**	**0**
2015	-1,076	94	37	0

CO: operating result improved

Comments

- **Operating profit – at target**
  Result within target range (EUR -0.7 to -0.9bn).
- **Holding & Treasury drives improvement**
  Main reasons are lower admin expenses (Δ EUR +68mn), particularly lower centralized pension costs, and a higher result from assets carried at fair value (Δ EUR +29mn).
- **Banking – net interest result down**
  Decrease of operating profit in Italy (Δ EUR -12mn) and Germany (Δ EUR -12mn) mainly due to lower net interest result.

Allianz

Group: shareholders' net income up 4%

Impact from Korea

EUR mn	2015	2016	Impact from Korea	Change
Operating profit	10,735	10,833	-82	+98
Non-operating items	**-539**	**-541**		**-2**
Realized gains/losses (net)	1,211	1,503	-17	+292
Impairments (net)	-268	-681	-210	-412
Income from financial assets and liabilities carried at fair value (net)	-219	11		+230
Interest expenses from external debt	-849	-858		-9
Fully consolidated private equity investments (net)	-60	0		+60
Acquisition-related expenses	12	2		-9
Amortization of intangible assets	-304	-135		+168
Reclassifications	-62	-383	-268	-321
Income before taxes	**10,196**	**10,292**		**+96**
Income taxes	-3,209	-3,042	+123	+167
Net income	**6,987**	**7,250**	-454	**+263**
Non-controlling interests	371	367		-4
Shareholders' net income	**6,616**	**6,883**		**+267**
Effective tax rate	31%	30%		-2%-p

Group: shareholders' net income up 4%

Comments

- **Net income driven by operating profit and tax**
  Higher operating profit (+1%) and lower tax ratio (-2%-p) contribute to net income increase.
- **Non-operating items impacted by Korea disposal**
  Excluding Korea non-operating result would have been EUR +0.5bn higher.
- **Realized gains/losses – active management**
  Higher contribution from debt securities (Δ EUR +181mn) and equities (Δ EUR +124mn).
- **Impairments driven by special items**
  Change in impairments mainly due to special items, i.e. Korea and OLB. Lower impairments on debt securities.
- **Income from financial assets and liabilities carried at FV**
  2016 without special items.
- **Amortization of intangible assets**
  2016 at normal level without special items.
- **Tax rate at good level**
  Tax ratio at 30% despite DTA write-down in Brazil (EUR -96mn). Similar tax ratio expected in 2017.

Status quo and ambitions for 2018

2016	2018	
4.0%[1]	5%[1]	EPS Growth
12.0%[2]	13%	RoE Allianz Group
94.3%	94%	P/C CR
75%[2]	100%	L/H OEs with RoE ≥10%
2.7%[3]	3.0%	L/H NBM

	2016	2018
Businesses with NPS above market	**55%**	75%
SII interest rate sensitivity	**11%-p**	<11%-p
PIMCO CIR	**59.9%**	60%
IMIX	**70%**	72%
Share of new digital retail products (P/C)	**<10%**[4]	~100%

1) 2016: Growth rate vs. 2015; Ambition for 2018: 3-year CAGR
2) For more details on the RoE calculation please refer to the glossary
3) Figure presented excluding the effects from the Korean life business
4) Based on latest available data

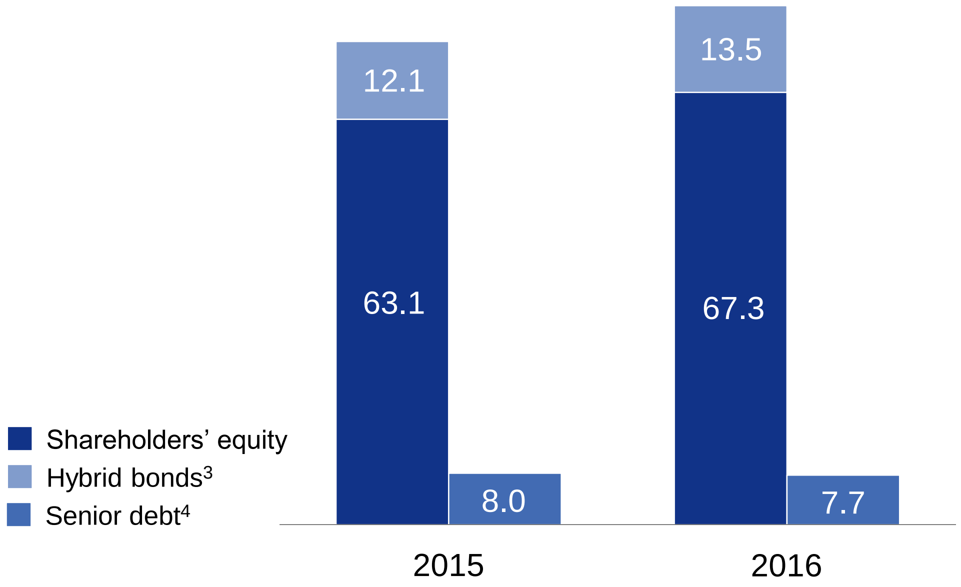
B

Group financial results 2016

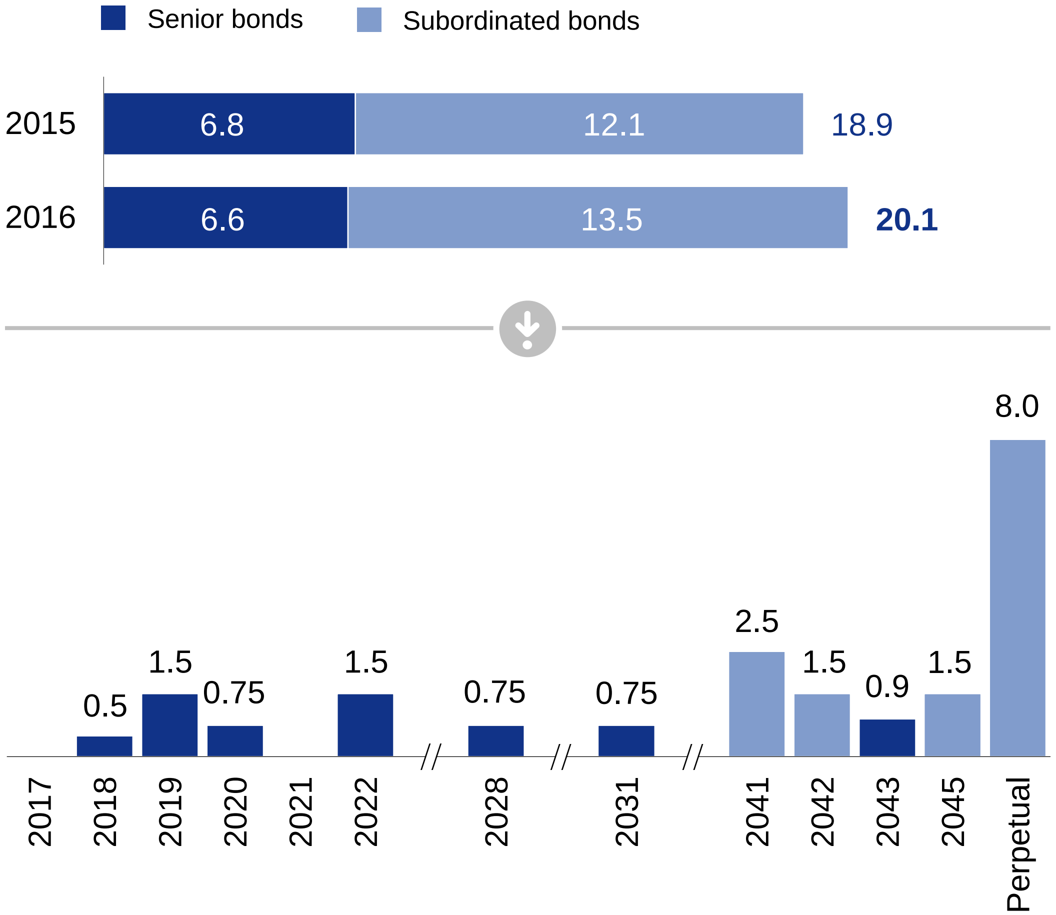
Group: financial leverage well in AA-range
(EUR bn)

Leverage ratios

	2015	2016
Financial leverage[1]	24.2%	**24.0%**
Senior debt leverage[2]	10.6%	**9.5%**



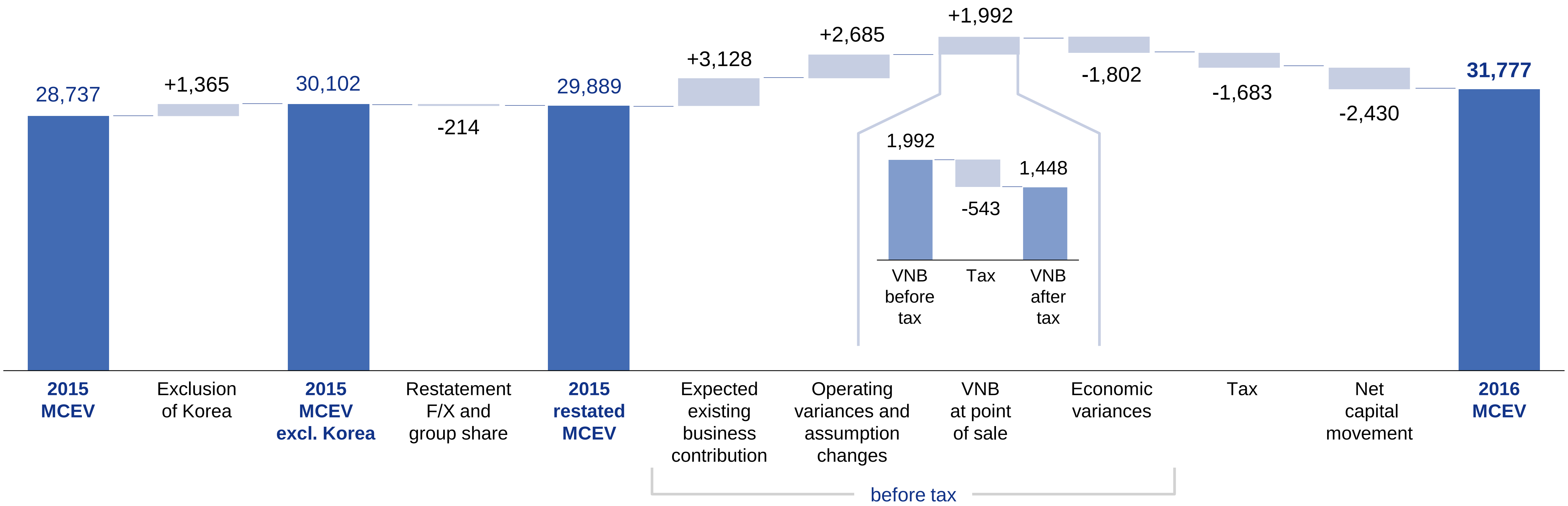
Outstanding bonds and maturity structure



1) Senior debt and hybrid bonds divided by the sum of senior debt, hybrid bonds and shareholders' equity
2) Senior debt divided by the sum of hybrid bonds and shareholders' equity
3) Subordinated liabilities excluding bank subsidiaries; nominal value
4) Certificated liabilities excluding bank subsidiaries; nominal value

Allianz

L/H: MCEV based on SII balance sheet[1]
(EUR mn)



MCEV increase driven by new business and sale of Korea

1) After non-controlling interests

AM: splits of 3rd party AuM

EUR bn		AAM 31.12.15	AAM 31.12.16	PIMCO 31.12.15	PIMCO 31.12.16	AllianzGI 31.12.15	AllianzGI 31.12.16
Regions[1]	America	715	753	639	669	76	84
	Europe	417	446	225	228	192	219
	Asia Pacific	144	162	123	139	22	23
Investment vehicles	Mutual funds	744	786	533	572	210	214
	Separate accounts	532	575	453	464	79	111
Asset classes	Fixed income	944	1,027	886	935	58	92
	Equity	151	140	24	23	127	117
	Multi-Assets	134	137	40	36	93	101
	Other	47	57	36	42	11	15

1) Based on the origination of the assets by the asset management company

Investments

Günther Thallinger
Member of the Board of Management
Allianz SE

Munich, February 17, 2017

C

C

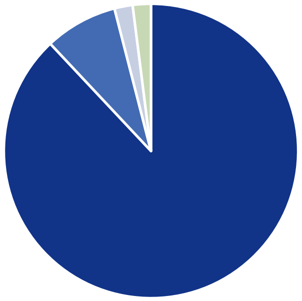
Investments

High quality investment portfolio

Asset allocation[1]

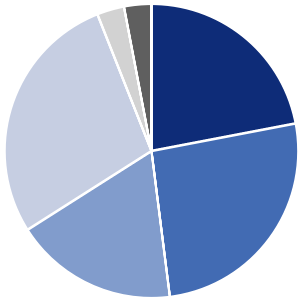
Total: EUR 653.1bn
(2015: EUR 640.1bn)

Debt instruments	88%	*(89%)*
Equities	8%	*(7%)*
Real estate[2]	2%	*(2%)*
Cash/Other	2%	*(2%)*



Debt instruments by rating[3]

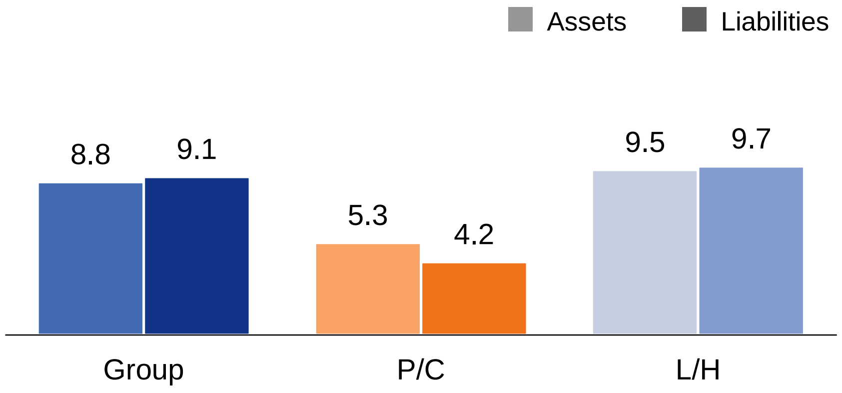
AAA	22%
AA	26%
A	18%
BBB	28%
Non-investment grade	3%
Not rated[4]	3%



By segment (EUR bn)

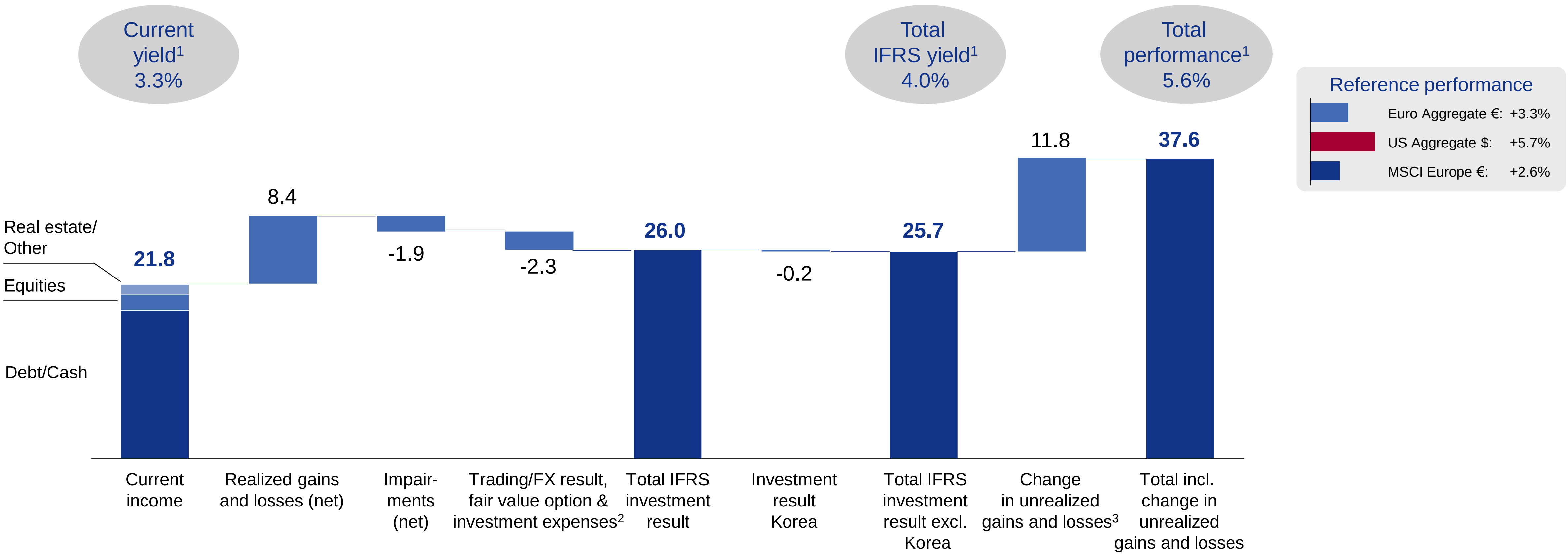
	Group	P/C[5]	L/H[5]
Debt instruments	577.3	86.1	452.0
Equities	49.9	7.4	40.4
Real estate[2]	11.7	2.9	8.5
Cash/Others	14.2	4.0	6.2
Total	**653.1**	**100.4**	**507.0**

Duration[6]



1) Effective 2016, fixed assets of renewable energy investments are disclosed. Prior year figures have been restated accordingly
2) Excluding real estate held for own use and real estate held for sale
3) Excluding seasoned self-originated private retail loans
4) Mostly mutual funds and short-term investments
5) Consolidated on Group level
6) For the duration calculation a non-parallel shift in line with SII yield curves is used. Internal pensions are included in Group data, while they are excluded in P/C and L/H segments.

4% total IFRS yield

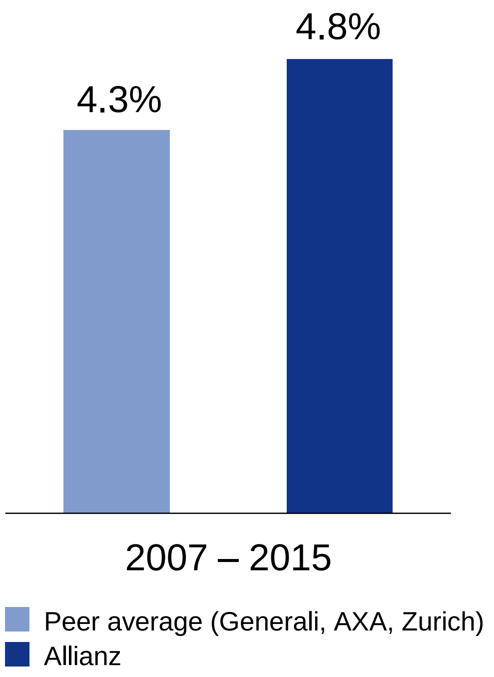


- Current income yield of 3.3% reflects long portfolio duration
- Unrealized gains positively affected by lower rates and rising stock markets

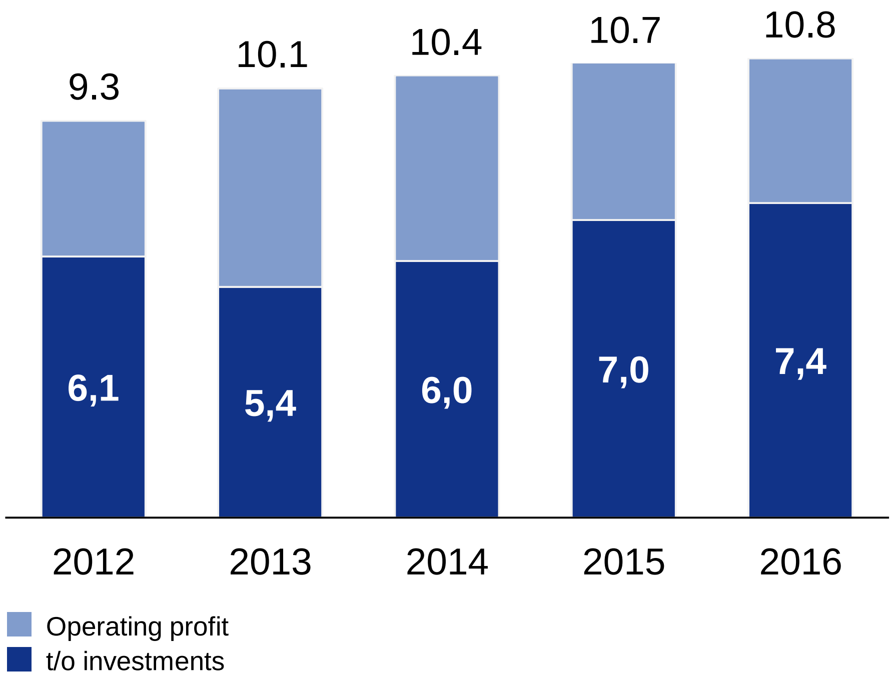
1) Yield calculation is based on the average asset base (IFRS), excluding the effects from Korean life business for current and prior year
2) Includes hedging result from fixed index and variable annuities fully offset in insurance P&L
3) Includes changes in unrealized gains and losses of the total investment portfolio as well as of real estate held for own use. In addition, income and expenses from real estate held for own use and an offsetting position to hedging result from fixed index and variable annuities are included

Strong investment result for years

Total investment performance p.a.[1] amongst peers 2007 - 2015



Allianz Group operating profit and investment result[2] (EUR bn)



1) Total investment performance per annum: including current income, realized gains and losses (net), impairments (net), trading/FX result, fair value option, investment expenses, and change in unrealized gains and losses (incl. loans and real estate)
2) Investment result: insurance business only (P/C and L/H)

Allianz

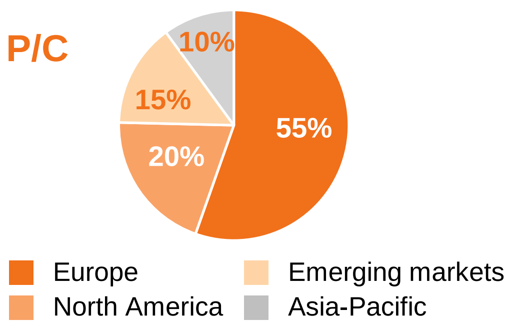
Economic reinvestment yields 2016

		New F/I investments	Yield	Maturity in years
P/C	Government bonds[1]	52%	1.8%	10
	Covered[2]	15%	1.2%	8
	Corporates	33%	1.8%	9
	Total F/I 2016	**100%**	**1.7%**	**9**
L/H[3]	Government bonds[1]	57%	1.7%	18
	Covered[2]	14%	2.2%	11
	Corporates	30%	2.4%	14
	Total F/I 2016	**100%**	**2.0%**	**16**

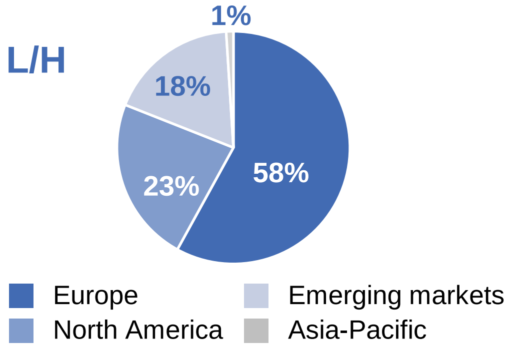
In EUR bn		**New investments**	Current Yield
Group	Real Assets	6.8	~4%

Regional allocation

P/C



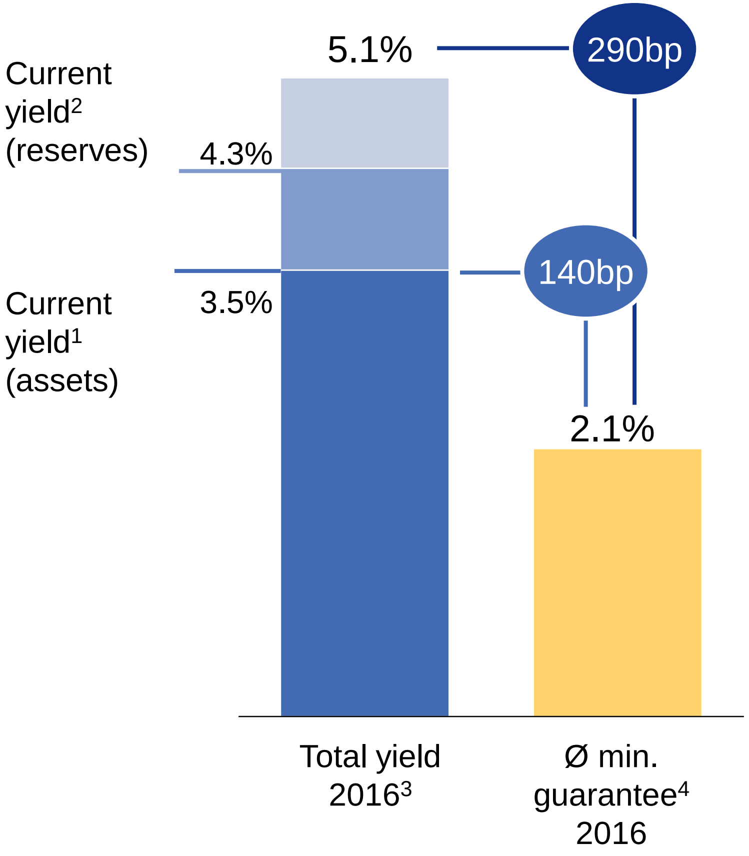
L/H



1) Treasuries and government related
2) Including ABS/MBS
3) Figures are presented excluding the effects from Korean life business

Resilient margins in L/H

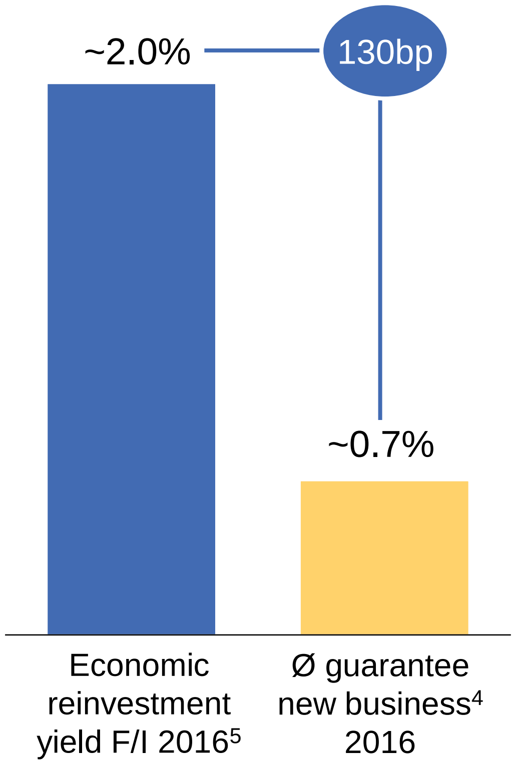
Business in force



+ strong buffer
EUR 35bn of RfB equal 8.2% of aggregate policy reserves

Allianz Leben
Reinvestment yield of 0.8% would be sufficient to pay all guarantees

New business



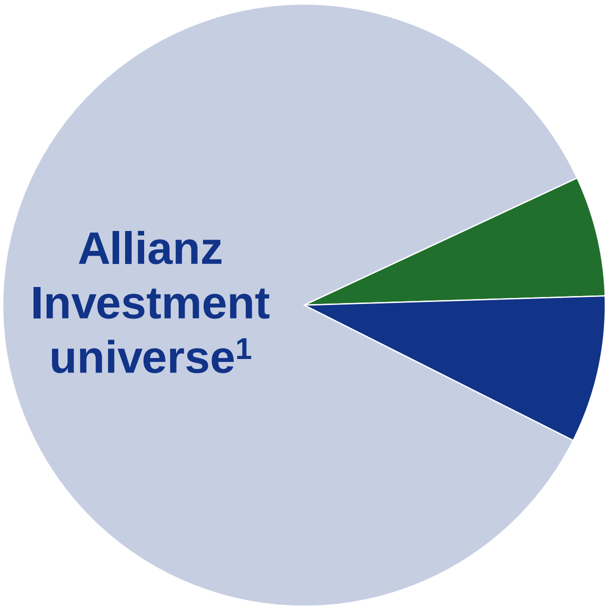
1) IFRS current interest and similar income (net of interest expenses) relative to average asset base (IFRS) which excludes unit-linked, FVO and trading. Figure excluding the effects from Korean life business for current and prior year
2) IFRS current interest and similar income (net of interest expenses) relative to average aggregate policy reserves. Figure excluding the effects from Korean life business for current and prior year
3) IFRS current interest and similar income (net of interest expenses) + net harvesting and other (operating) relative to average aggregate policy reserves. Figure excluding the effects from Korean life business for current and prior year
4) Weighted by aggregate policy reserves
5) Figure excluding the effects from Korean life business

Alternative asset quota of more than 14%

Alternative investment portfolio 2016: EUR 101bn

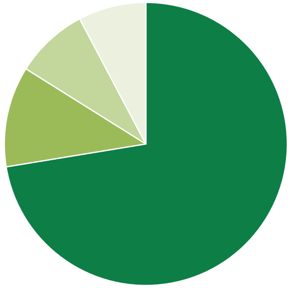
Mid-term target: EUR 140bn

Total
EUR 689bn[1]



Alternative equity
6%

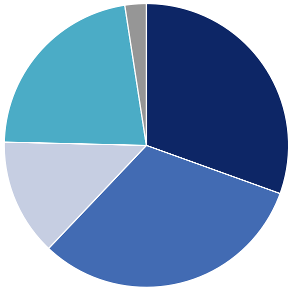
EUR 45bn



Alternative equity	Avg. expected return
Real estate	4-6%
Infrastructure equity	5-8%
Renewable energy	5-6%
Private equity	10-12%

Alternative debt
8%

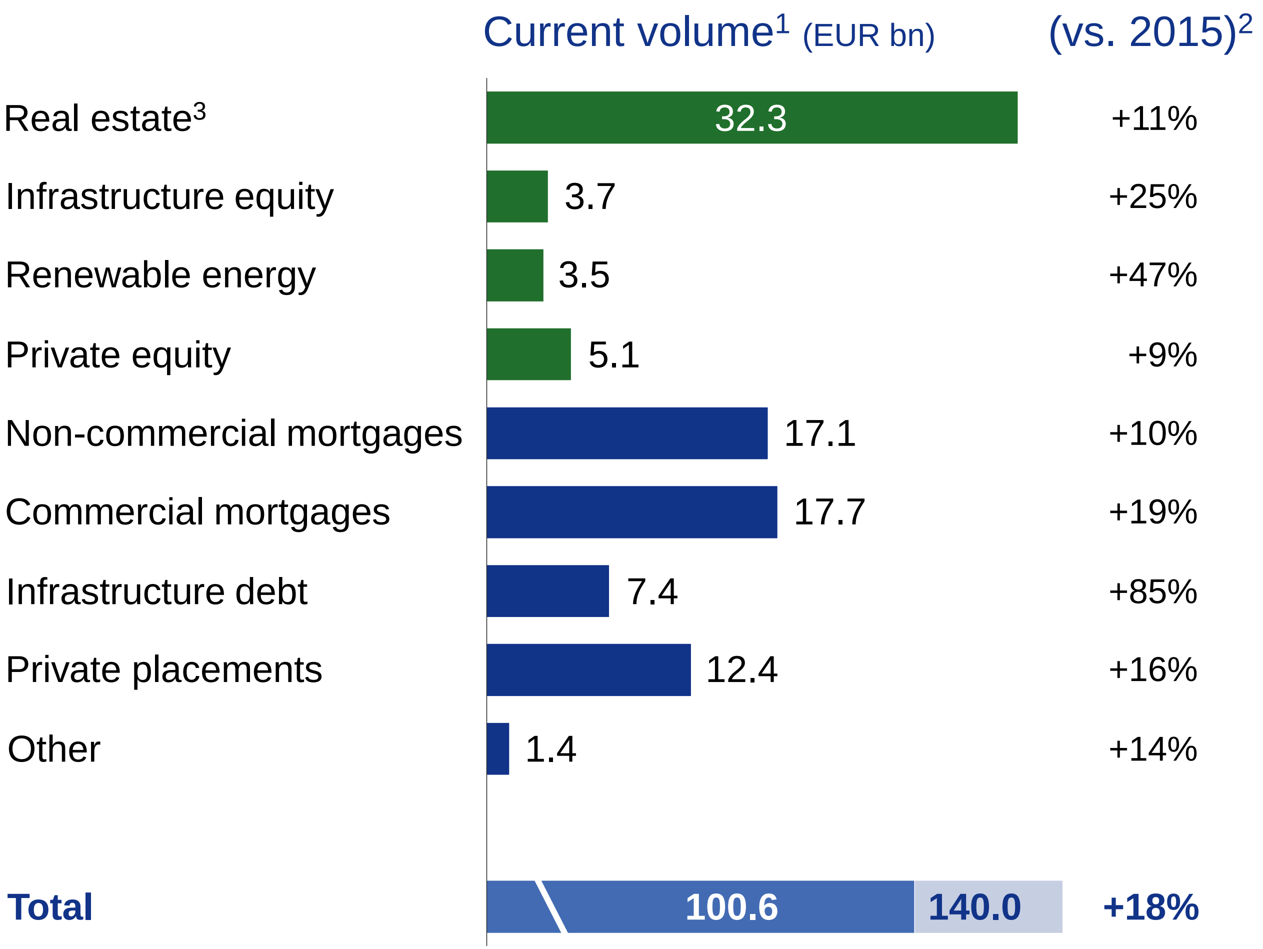
EUR 56bn



Alternative debt	Avg. expected return
Non-commercial mortgages	1.5-2%
Commercial mortgages	1.5-2%
Infrastructure debt	3%
Private placements	2-4%
Other	6-8%

1) Based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including FVO, trading and real estate own-use)

Alternative assets show strong growth of 18% and increased diversification



Investment examples

Ten Hudson Yards

- EUR 400mn investment in office tower located in Manhattan's Hudson Yards
- Largest contemporary real estate development project in the US

Thames Tideway Tunnel

- EUR 540mn investment in the construction and operation of London's Thames Tideway Tunnel
- New tunnel will significantly increase the capacity of the London sewerage network and will create a cleaner, healthier river for Londoners

Wind energy USA

- EUR 250mn investments in onshore wind-farms located in Texas and New Mexico
- EUR 400mn debt financing of onshore windfarm in Nebraska

1) Excluding EUR 6.7bn of alternative assets held by OLB and Korea
2) Percentage change relative to 2015 excluding the effects from OLB and Korean life business
3) Market value of real estate assets including EUR 22.9bn directly held real estate assets (e.g., held for investment, held for own use) and EUR 9.5bn indirectly held real estate assets (e.g., associates and joint ventures, available-for-sale investments). Net of minorities (EUR 0.3bn)

ESG for investment management

Our ESG strategy combines long-term economic value creation with a concept for **E**nvironmental voluntary commitment, **S**ocial responsibility, and strong corporate **G**overnance

1 Clearly defined exclusion criteria

We generally do not invest in controversial weapons and coal-based business models[1]

Scope: all investments

2 Targeted investments in sustainability projects

- EUR 4.6bn in renewable energy
- EUR 0.9bn in green bonds
- EUR 3.9bn in certified green buildings

3 Selecting and monitoring asset managers

Asset managers adhere to their own ESG policy and/or are signatories of PRI

Scope: all asset managers

4 Systematic ESG integration

Evaluation

Assessing the sustainability of our investments based on ESG case by case evaluation

Scope: non-listed assets

5 Systematic ESG integration

ESG-Scoring

- Systematic integration of ESG criteria into decision making
- “Comply or Explain” for low scoring assets

Scope: listed assets

6 Entering into regular dialogues

- Regular dialogues with renown NGOs
- Engagement with counterparties where concerns may arise

1) Companies generating over 30% of their revenue from coal mining; companies generating over 30% of their energy from coal

Disciplined execution can help to achieve good results

Good results

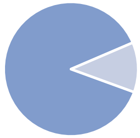
- Stable return of 4%
- Conservative risk structure
- Cautious gain realization

Disciplined execution

- Increasing portfolio diversification
- Competitive asset manager selection
- Scale allowing for
  - Network of excellent people
  - Low costs
- All based on liability management

C

Investments

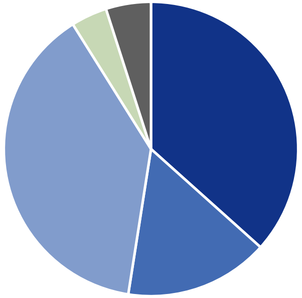


High quality fixed income portfolio

By type of issuer

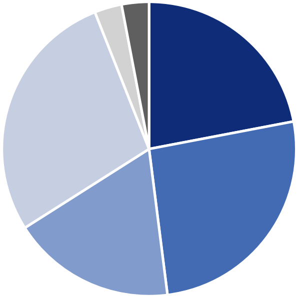
Total
EUR 577.3bn

Government	37%
Covered	16%
Corporate	39%
thereof Banking	*6%*
ABS/MBS[1]	4%
Other[2]	5%



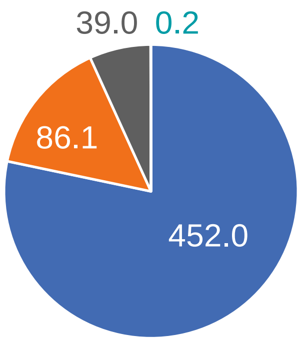
By rating[3]

AAA	22%
AA	26%
A	18%
BBB	28%
Non-investment grade	3%
Not rated[4]	3%



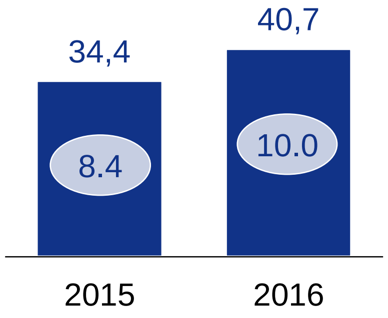
By segment (EUR bn)

L/H	78%
P/C	15%
Corporate and other	7%
Asset Management	0%

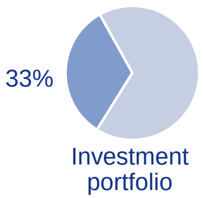


AFS unrealized gains/losses (EUR bn)

Gross unrealized gains/losses
Net unrealized gains/losses[5]



1) Including U.S. agency MBS investments (EUR 4.6bn)
2) Including seasoned self-originated private retail loans and short-term deposits at banks
3) Excluding seasoned self-originated private retail loans
4) Mostly mutual funds and short-term investments
5) On-balance sheet unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC

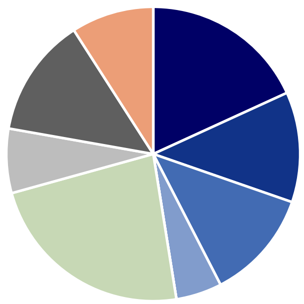


Government bond allocation concentrated in EMU core countries

By region

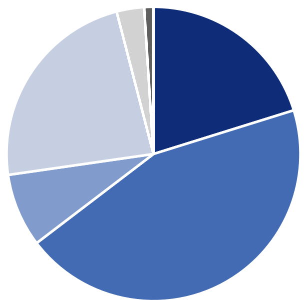
Total
EUR 213.6bn[1]

France	18%
Italy	12%
Germany	12%
Spain	5%
Rest of Europe	23%
USA	7%
Rest of World	13%
Supranational	9%



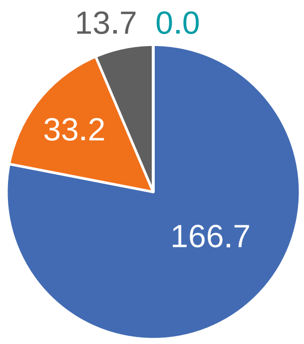
By rating

AAA	20%
AA	44%
A	8%
BBB	23%
Non-investment grade	3%
Not rated	1%

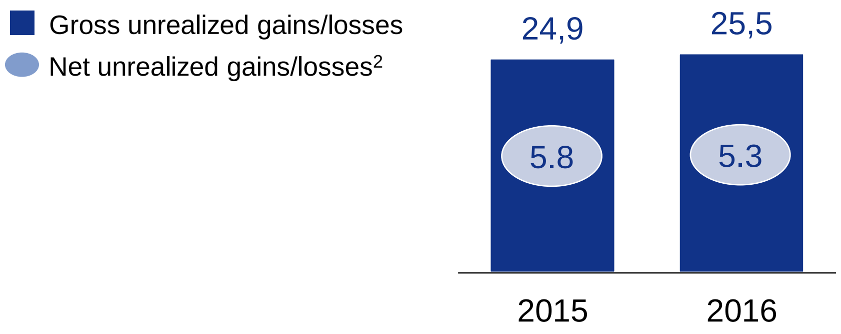


By segment (EUR bn)

L/H	78%
P/C	16%
Corporate and other	6%
Asset Management	0%



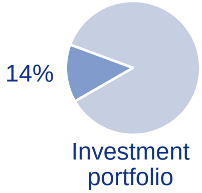
AFS unrealized gains/losses (EUR bn)



1) Government and government related (excl. U.S. agency MBS)
2) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC

Details sovereigns
(EUR bn)

	Group		L/H		P/C	
	BV	% of FI Group	**BV**	% of FI L/H	**BV**	% of FI P/C
France	38.4	6.7%	32.2	7.1%	4.0	4.6%
Germany	26.3	4.6%	20.3	4.5%	2.8	3.2%
Italy	24.8	4.3%	20.9	4.6%	3.1	3.6%
Supranational	19.7	3.4%	17.1	3.8%	1.5	1.8%
USA	16.0	2.8%	11.9	2.6%	3.4	4.0%
Spain	11.7	2.0%	9.4	2.1%	1.1	1.3%
Belgium	11.1	1.9%	9.0	2.0%	1.1	1.3%
Austria	8.5	1.5%	7.5	1.7%	0.6	0.6%
Switzerland	6.3	1.1%	5.0	1.1%	1.3	1.5%
Netherlands	3.8	0.7%	2.7	0.6%	0.5	0.6%
Australia	3.4	0.6%	0.0	0.0%	3.4	3.9%
Thailand	3.3	0.6%	3.2	0.7%	0.0	0.0%
Ireland	2.3	0.4%	1.7	0.4%	0.3	0.4%
Poland	2.2	0.4%	1.4	0.3%	0.7	0.8%
Finland	2.2	0.4%	1.8	0.4%	0.2	0.3%
Mexico	2.1	0.4%	1.8	0.4%	0.3	0.3%
Brazil	1.7	0.3%	0.9	0.2%	0.9	1.0%
Czech Republic	1.7	0.3%	1.4	0.3%	0.3	0.3%
Slovakia	1.7	0.3%	1.3	0.3%	0.3	0.4%
Canada	1.7	0.3%	0.7	0.2%	0.8	1.0%
Portugal	0.2	0.0%	0.1	0.0%	0.1	0.1%
Greece	0.0	0.0%	0.0	0.0%	0.0	0.0%
Other	24.5	4.2%	16.2	3.6%	6.5	7.5%
Total 2016	**213.6**	**37.0%**	**166.7**	**36.9%**	**33.2**	**38.6%**
Total 2015	**217.5**	**38.3%**	**168.4**	**38.7%**	**34.0**	**39.7%**

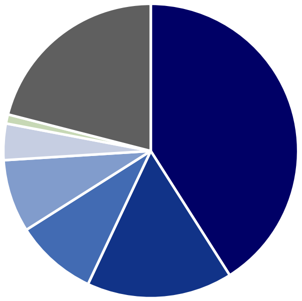


Fixed income portfolio: covered bonds

By country

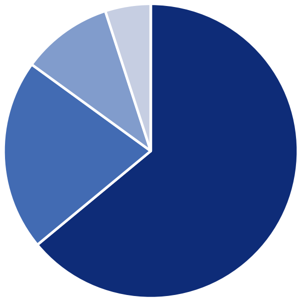
Total
EUR 89.9bn

Germany	41%
France	16%
Spain	9%
Italy	8%
UK	4%
Ireland	1%
Rest of World	21%



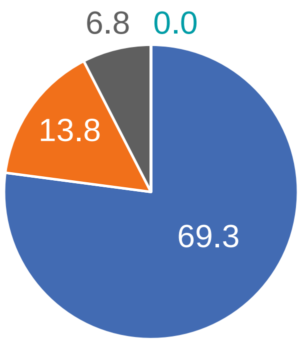
By rating

AAA	64%
AA	21%
A	10%
BBB	5%
Non-investment grade	0%
Not rated	0%



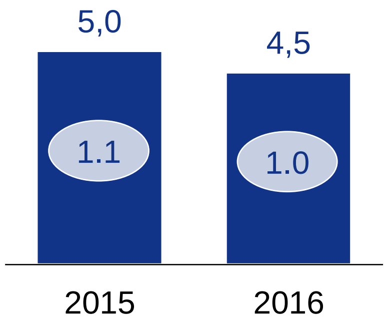
By segment (EUR bn)

L/H	77%
P/C	15%
Corporate and other	8%
Asset Management	0%

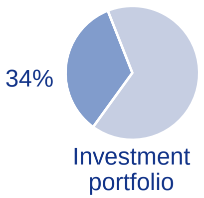


AFS unrealized gains/losses (EUR bn)

Gross unrealized gains/losses
Net unrealized gains/losses[1]



1) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC

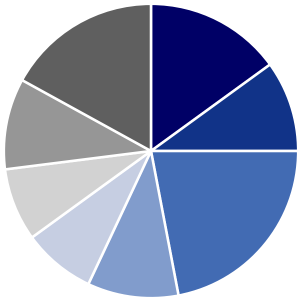


Fixed income portfolio: corporates

By sector

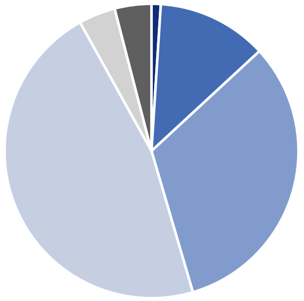
Total
EUR 222.3bn

Banking[1]	15%
Other financials	10%
Consumer	22%
Communication	10%
Energy	8%
Industrial	8%
Utility	10%
Other	17%



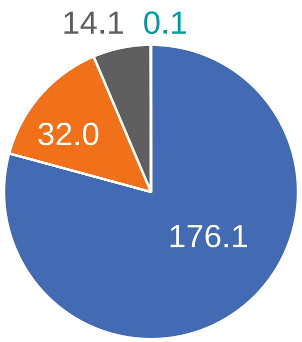
By rating

AAA	1%
AA	12%
A	32%
BBB	46%
Non-investment grade	4%
Not rated[2]	4%

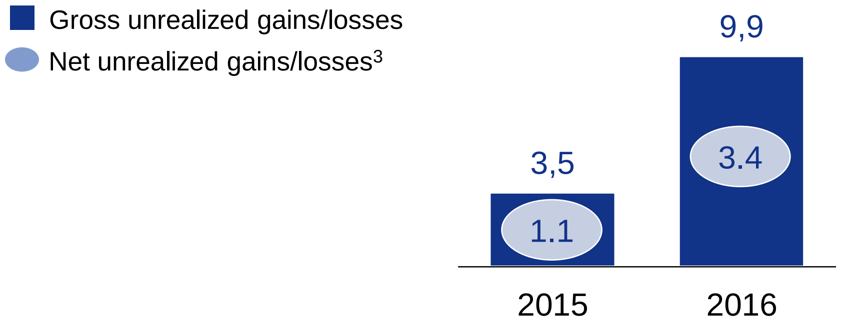


By segment (EUR bn)

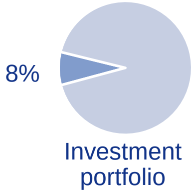
L/H	79%
P/C	14%
Corporate and other	6%
Asset Management	0%



AFS unrealized gains/losses (EUR bn)



1) Including EUR 4.0bn subordinated bonds (thereof EUR 0.3bn Tier 1)
2) Including Eurozone loans/ bonds (2%)
3) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC

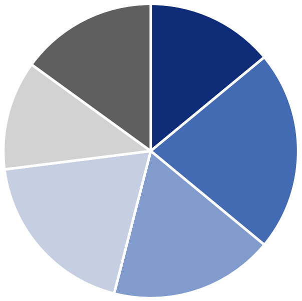


Equity portfolio

By region

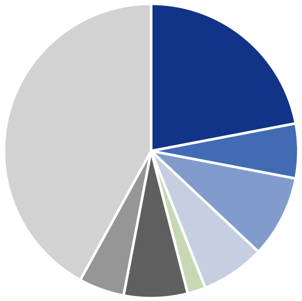
Germany	14%
Eurozone ex Germany	22%
Europe ex Eurozone	18%
NAFTA	19%
Rest of World	12%
Multinational[2]	15%

Total
EUR 49.9bn[1]



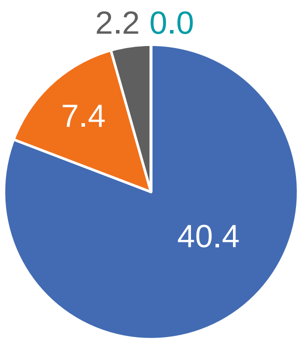
By industry

Consumer	22%
Banking	6%
Other Financials	9%
Basic materials	7%
Utilities	2%
Industrial	7%
Energy	5%
Funds and other[3]	42%



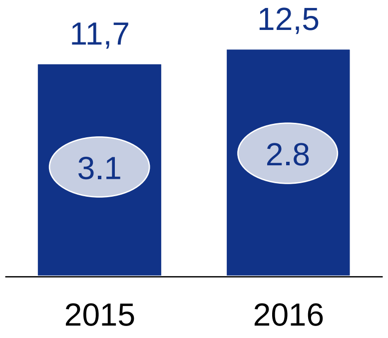
By segment (EUR bn)

L/H	81%
P/C	15%
Corporate and other	4%
Asset Management	0%



AFS unrealized gains/losses (EUR bn)

- Gross unrealized gains/losses
- Net unrealized gains/losses[4]



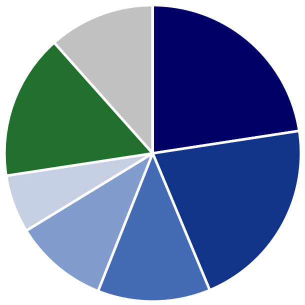
1) Excl. equities designated at fair value through income (EUR 2.5bn)
2) Incl. private equity limited partnership funds (EUR 4.2bn) and mutual stock funds (EUR 2.7bn)
3) Diversified investment funds (EUR 3.0bn); private and unlisted equity (EUR 8.2bn)
4) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC

Real estate portfolio (incl. own use, market value)

By region

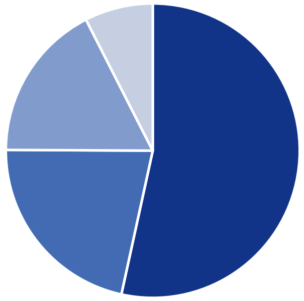
Total
EUR 32.3bn[2]

Germany	23%
France	21%
Switzerland	12%
USA	10%
Italy	6%
Rest of Eurozone	16%
Rest of World	12%



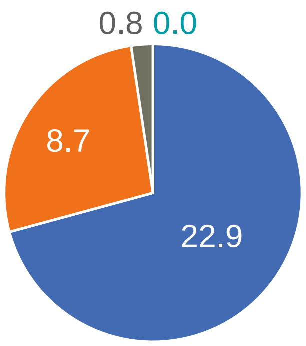
By sectors

Office	53%
Retail	22%
Residential	17%
Other/mixed	8%



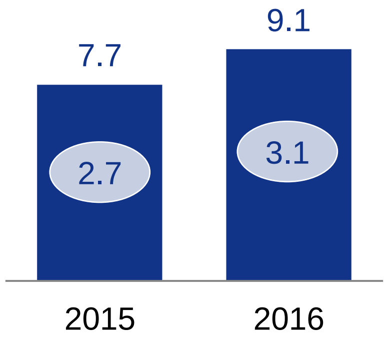
By segment (EUR bn)

L/H	71%
P/C	27%
Corporate and other	2%
Asset Management	0%



Unrealized gains/losses (EUR bn)

Gross unrealized gains/losses
Net unrealized gains/losses[3]



1) Based on carrying value, 3rd party use only
2) Market value of real estate assets including EUR 22.9bn directly held real estate assets (e.g., held for investment, held for own use) and EUR 9.5bn indirectly held real estate assets (e.g., associates and joint ventures, available-for-sale investments). Net of minorities (EUR 0.3bn). Associates and joint ventures as well as available-for-sale indirectly held real estate investments are also part of the equity portfolio and fixed income portfolio
3) Unrealized gains/losses after tax, non-controlling interests, policy holders and before shadow DAC, based on external and internal real estate valuations

Glossary

Munich, February 17, 2017

Glossary (1)

AFS	Available-for-sale: Non-derivative financial assets which have been acquired neither for sale in the near term nor to be held to maturity. Available-for-sale investments are shown at fair value on the balance sheet.
AGCS	Allianz Global Corporate & Specialty
AllianzGI	Allianz Global Investors
AM	(The business segment) Asset Management
APE	Annual premium equivalent: A measure to normalize single premiums to the recurring premiums. It is calculated as sum of recurring premiums and 10% of single premiums of the respective period.
APR	Accident insurance with premium refund: Special form of accident insurance where the policyholder, in addition to insurance coverage for accidents, has a guaranteed claim to refund of premiums at the agreed maturity date or in the event of death.
Attritional LR	Accident year losses less claims arising from natural catastrophes as per our Group definition (please refer to “NatCat”) divided by premiums earned (net).
AuM	Assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies provide discretionary investment management decisions and have the portfolio management responsibility. They are managed on behalf of third parties as well as on behalf of the Allianz Group. **Net flows:** Net flows represent the sum of new client assets, additional contributions from existing clients, including dividend reinvestment, withdrawals of assets from, and termination of, client accounts and distributions to investors. **Market & dividends:** Market & dividends represents current income earned on and changes in fair value of securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open-ended mutual funds and of closed-end funds.
AWP	Allianz Worldwide Partners
AY LR	Accident year loss ratio – please refer to “LR” (loss ratio).
AZ	Allianz

Glossary (2)

Bps	Basis points. 1 Basis point = 0.01%.
CEE	Central and Eastern Europe excluding Russia and Ukraine
CIR	Cost-income ratio: Operating expenses divided by operating revenues
CO	(The business segment) Corporate and Other
CR	Combined ratio: Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).
Current yield	Represents interest and similar income net of interest expenses divided by average asset base at book value.
DAC	Deferred acquisition costs: Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies and activated in the balance sheet. They include commissions paid, underwriting expenses and policy issuance costs.
Economic reinvestment yield	The economic reinvestment yield reflects the reinvestment yield including F/X hedging costs for non-domestic hard currency F/X bonds as well as expected F/X losses on non-domestic emerging markets bonds in local currencies. The yield is presented on an annual basis.
EIOPA	European Insurance and Occupational Pensions Authority
EPS	Earnings per share: Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding (basic EPS). In order to calculate diluted earnings per share, the number of common shares outstanding and the net income for the year attributable to shareholders are adjusted by the effects of potentially dilutive common shares which could still be exercised. Potentially dilutive common shares arise in connection with share-based compensation plans (diluted EPS).
ER	Expense ratio: Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, divided by premiums earned (net).
F/X	Foreign exchange
FFIC	Fireman’s Fund Insurance Company

Glossary (3)

FIA	Fixed-index annuity: Annuity contract whereby the policyholder can elect to be credited based on movements in equity or bond market indices with protection of principal.
FV	Fair value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
FVO	Fair value option: Financial assets and liabilities designated at fair value through income are measured at fair value with changes in fair value recorded in the consolidated income statement.
Goodwill	Difference between the cost of acquisition and the fair value of the net assets acquired.
Government bonds	Government bonds include government and government agency bonds.
GPW	Gross premiums written – please refer to “Premiums written/earned” as well as “Gross/Net”.
Gross/Net	In insurance terminology the terms “gross” and “net” mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term “net” is used where the relevant expenses have already been deducted.
Harvesting	Includes realized gains/losses (net) and impairments of investments (net).
Held for sale	A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. On the date a non-current asset meets the criteria as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell.
IFRS	International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards will continue to be cited as International Accounting Standards (IAS).
IMIX	The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards Inclusive Meritocracy. The internal index is subsuming 10 Allianz Engagement Survey (AES) items around leadership, performance and corporate culture.
Internal growth	Total revenue performance excluding the effects of foreign currency translation as well as of acquisitions and disposals.
KPI	Key performance indicator

Glossary (4)

L/H	(The business segment) Life and Health insurance
L/H lines of business	**Guaranteed savings & annuities:** Guaranteed savings and annuities are life insurance products that always relate to the length of human life. These products offer life and / or death coverage of the insured in the form of single or multiple payments to a beneficiary and may include financial and non-financial guarantees. **Capital-efficient products:** Products that use the general account and provide significantly reduced market risk either by full asset-liability matching of the guarantee or by significantly limiting the guarantee. This includes hybrids investing in a separate account (unit-linked) and the general account. Capital-efficient products also have a guaranteed surrender value with limited risk, e.g. due to the implementation of exact asset-liability matching or the inclusion of a market value adjustment. **Protection & health:** Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person. **Unit-linked without guarantees:** Conventional unit-linked products are those where all of the benefits provided by a contract are directly linked to the value of assets contained in an internal or external fund held by the insurance undertakings as a separate account. The investment risk is borne by the policyholder rather than the insurer.
L/H operating profit sources	The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a Life/Health business segment consolidated basis. **Loadings & fees:** Includes premium and reserve based fees, unit-linked management fees and policyholder participation in expenses if any. **Investment margin:** Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves and policyholder participation in the investment result. **Expenses:** Includes commissions, acquisition and administration expenses. **Technical margin:** Comprises risk result (risk premiums less benefits in excess of reserves), lapse result (surrender charges and commission clawbacks) and reinsurance result, all net of policyholder participation if any. **Impact of change in DAC:** Includes effects of change in DAC and URR. It represents the net impact of deferral and amortization of both acquisition costs and front-end loadings on operating profit.

Glossary (5)

LatAm	Latin America: South America and Mexico
LoB	Line of business
LR	Loss ratio: Represents claims and insurance benefits incurred (net) divided by premiums earned (net). The calendar year (c.y.) loss ratio includes the results of the prior year(s) reserve development in addition to the accident year (a.y.) loss ratio.
MCEV	Market consistent embedded value: A measure of the consolidated value of shareholders' interests in the covered business. It is defined as the excess of market value of assets over market value of liabilities as of valuation date. Therefore, MCEV excludes any item that is not considered shareholder interest such as the Going Concern Reserve and Surplus Fund.
NatCat	Accumulation of claims that are all related to the same natural or weather / atmospheric event during a certain period of time and where the estimated gross loss for the Allianz Group exceeds EUR 20mn.
NBM	New business margin: Performance indicator to measure the profitability of new business in the business segment Life/Health. It is calculated as value of new business divided by present value of new business premiums.
Non-controlling interests	Those parts of the equity of affiliates which are not owned by companies of the Allianz Group.
NPE	Net premiums earned – please refer to "Premiums written/earned" as well as "Gross/Net".
NPS	Net promoter score: A measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross industry standards and allows benchmarking against competitors in the respective markets.
OE	Operating entity
OP	Operating profit: Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding, as applicable for each respective business segment, all or some of the following items: income from financial assets and liabilities carried at fair value through income (net), realized gains/losses (net), impairments of investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses, one-off effects from pension revaluation and profit/loss of substantial subsidiaries held for sale, but not yet sold.

Glossary (6)

Own funds	Regulatory solvency capital eligible for covering the regulatory solvency capital requirement
P/C	(The business segment) Property and Casualty insurance
PHP	Policyholder participation
PIMCO	Pacific Investment Management Company Group
Pre-tax operating capital generation	Represents the movement of SII capitalization attributable to the change in own funds from operating SII earnings and the change in SCR from business evolution after regulatory and model changes, but excluding market impact, dividends, capital management activities, taxes as well as other factors.
Premiums written/earned (IFRS)	Premiums written represent all premium revenues in the respective year. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products that are interest sensitive (e.g. universal life products) or where the policyholder carries the investment risk (e.g. variable annuities), only the part of the premiums used to cover the risk insured and costs involved is treated as premium income.
PVNBP	Present value of new business premiums: The present value of future premiums on new business written during the period discounted at reference rate. It includes the present value of projected new regular premiums plus the total amount of single premiums received.
Reinsurance	An insurance company transfers a part of its assumed insurance risk to a reinsurance company.
Retained earnings	In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group entities and amounts transferred from consolidated net income.
RfB	Reserves for premium refunds (“Rückstellungen für Beitragsrückerstattung”): Part of the surplus that is to be distributed to policyholders in the future. These reserves are established based on statutory, contractual or company by-law obligations, or at the insurer’s discretion.

Glossary (7)

RoE	**Return on equity Group:** Represents net income attributable to shareholders divided by the average shareholders' equity excluding unrealized gains/losses on bonds (net of shadow accounting) at the beginning and the end of the period. **Return on equity PC OE:** Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow accounting) deducting goodwill and deducting participations in affiliates not already consolidated in this OE, at the beginning and the end of the period. **Return on equity L/H OE**: Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow accounting) and deducting goodwill at the beginning and the end of the period.
RoRC	Return on risk capital
Run-off ratio	The run-off ratio is calculated as run-off result (result from reserve developments for prior (accident) years in P/C business) in percent of premiums earned (net).
SII	Solvency II
SII capitalization	Ratio indicating the capital adequacy of a company comparing own funds to SCR.
SCR	Solvency capital requirement
SE	Societas Europaea: European stock company
Share of new digital retail products	New digital products are conveniently available online at each step of the customer journey, i.e. fast quote, easily purchasable online, online serviced (incl. policy correspondence, policy admin, claims). In scope are P/C retail and small and medium-sized entities, all channels. The share of products is weighted by revenues.
Statutory premiums	Represents gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
Total equity	Represents the sum of shareholders' equity and non-controlling interests.

Glossary (8)

Total revenues	Represents the sum of P/C gross premiums written, L/H statutory premiums, operating revenues in AM and total revenues in CO (Banking).
UFR	Ultimate forward rate: The estimate of the ultimate forward rate is defined in line with the EIOPA methodology and guidelines. An extrapolation is needed past last available market data points. The UFR is determined for each currency using macroeconomic methods, the most important factors being long-term expected inflation and real interest rates. Although the UFR is subject to revision, it should be stable and only change when there are fundamental changes to long-term expectations.
UL	Unit-linked – please refer to “L/H lines of business”.
Unrealized gains/losses (net) (as part of shareholders’ equity)	Include unrealized gains and losses primarily from available-for-sale investments net of taxes and policyholder participation.
URR	Unearned revenue reserves: The unearned revenue reserves contain premium components other than expense charges that refer to future periods, which are reserved and released over the lifetime of the corresponding contracts.
VA	Variable annuities: The benefits payable under this type of life insurance depend primarily on the performance of the investments in a mutual fund. The policyholder shares equally in the profits or losses of the underlying investments. In addition, the contracts can include separate guarantees, such as guaranteed death, withdrawal, accumulation or income benefits.
VNB	Value of new business: The additional value for shareholders created through the activity of writing new business. It is defined as present value of future profits after acquisition expenses overrun or underrun, minus time value of financial options and guarantees, minus risk margin, all determined at issue date.

Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

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